

7-30-2013

Northwest Farm Credit Services, FLCA v. Lake Cascade Airpark, LLC Clerk's Record v. 1 Dckt. 40992

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IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT)	
SERVICES, FLCA a federally chartered	)	SUPREME COURT NO. 40992-2013
Instrumentality of the United States)	
America,	)	Dist. Court No. CV-2012-33*C
)	
Plaintiff-Respondent,)	
)	
-vs-)	
)	
LAKE CASCADE AIRPARK, LLC an)	
Idaho limited liability company;)	
DONALD MILLER and CANDACE W.)	
MILLER; husband and wife,)	
Defendant-Appellant,)	
and)	
)	
DAVID A. BUICH and KAREN L.)	
BUICH, husband and wife,)	
Defendant.)	
_____)	

CLERK'S RECORD ON APPEAL

Appeal from the District Court of the Fourth Judicial District of the State of Idaho, in and
for the County of Valley.

HONORABLE Thomas F. Neville
District Judge

BRADLEY J. DIXON
101 S. CAPITOL BOULEVARD,
SUITE 1900
BOISE, ID 83702

RON KERL
151 NORTH THIRD AVENUE
P.O. BOX 4229
POCATELLO, ID 83205-4229

ATTORNEY FOR APPELLANT

ATTORNEY FOR RESPONDENT

Clerk's Record on Appeal -1-

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, etal.

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, Donald E Miller, Candace W Miller, David A. Buich, Karen L Buich

Other Claims

Date		Judge
2/6/2012	New Case Filed - Other Claims	Michael McLaughlin
	Plaintiff: Northwest Farm Credit Services, FLCA Appearance Ron Kerl	Michael McLaughlin
	Filing: A - All initial civil case filings of any type not listed in categories B-H, or the other A listings below Paid by: Kerl, Ron (attorney for Northwest Farm Credit Services, FLCA) Receipt number: 0000606 Dated: 2/8/2012 Amount: \$88.00 (Check) For: Northwest Farm Credit Services, FLCA (plaintiff)	Michael McLaughlin
	Complaint To Foreclose Real Estate Mortgages	Michael McLaughlin
	Summons Issued X5	Michael McLaughlin
	Summons: Document Service Issued: on 2/6/2012 to Lake Cascade Airpark, LLC; Assigned to Private Server. Service Fee of \$0.00.	Michael McLaughlin
	Summons: Document Service Issued: on 2/6/2012 to Donald E Miller; Assigned to Private Server. Service Fee of \$0.00. Another Summons - Candace W Miller	Michael McLaughlin
	Summons: Document Service Issued: on 2/6/2012 to Candace W Miller; Assigned to Private Server. Service Fee of \$0.00. Another Summons - David A Buich	Michael McLaughlin
	Summons: Document Service Issued: on 2/6/2012 to David A. Buich; Assigned to Private Server. Service Fee of \$0.00. Another Summons - Donald E Miller	Michael McLaughlin
	Summons: Document Service Issued: on 2/6/2012 to Karen L Buich; Assigned to Private Server. Service Fee of \$0.00. Another Summons - Karen L Buich	Michael McLaughlin
2/24/2012	Affidavit Of Service - Donald Miller	Michael McLaughlin
	Affidavit Of Service - Lake Cascade Airpark, LLC	Michael McLaughlin
	Affidavit Of Service - Candace W Miller	Michael McLaughlin
	Affidavit Of Service - Karen L Buich	Michael McLaughlin
	Affidavit Of Service - David A Buich	Michael McLaughlin
3/2/2012	Summons: Document Returned Served on 3/2/2012 to David A. Buich; Assigned to Private Server. Service Fee of \$0.00.	Michael McLaughlin
3/23/2012	Notice Of Appearance	Michael McLaughlin
	Defendant: Buich, David A. Appearance Brian F McColl	Michael McLaughlin
	Defendant: Buich, Karen L Appearance Brian F McColl	Michael McLaughlin
3/26/2012	Answer To Complaint To Foreclose Real Estate Mortgages	Michael McLaughlin
3/27/2012	Defendant: Lake Cascade Airpark, LLC Appearance Bradley J. Dixon	Michael McLaughlin
	Filing: I1 - Initial Appearance by persons other than the plaintiff or petitioner Paid by: Dixon, Bradley J. (attorney for Lake Cascade Airpark, LLC) Receipt number: 0001578 Dated: 3/27/2012 Amount: \$58.00 (Check) For: Lake Cascade Airpark, LLC (defendant)	Michael McLaughlin
3/30/2012	Notice Of Service Of Discovery	Michael McLaughlin
4/9/2012	Filing: I1 - Initial Appearance by persons other than the plaintiff or petitioner Paid by: Buich, David A. (defendant) Receipt number: 0001816 Dated: 4/9/2012 Amount: \$58.00 (Check) For: Buich, David A. (defendant) and Buich, Karen L (defendant)	Michael McLaughlin

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, etal.

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, Donald E Miller, Candace W Miller, David A. Buich, Karen L Buich

Other Claims

Date		Judge
4/9/2012	Answer to Complaint to Foreclsosure Real Estate Mort.	Michael McLaughlin
	Hearing Scheduled (Status 05/03/2012 04:00 PM) Court Call	Michael McLaughlin
4/10/2012	Notice of Telephonic Status Conference Under I.R.C.P. 16(a) & 16(b)	Michael McLaughlin
4/30/2012	Notice of Service Of Def. Lake Cascade Airpark, LLC's and Donald and Candace Miller's Response to Plaintiff's First Discovery Requests to the Defendants Lake Cascade Airpark, LLC Miller, and Buich	Michael McLaughlin
5/3/2012	Hearing result for Status scheduled on 05/03/2012 04:00 PM: District Court Hearing Held Court Reporter: Leslie Anderson Number of Transcript Pages for this hearing estimated: Court Call 13 minutes	Michael McLaughlin
5/9/2012	Hearing Scheduled (Court Trial 09/24/2012 09:00 AM) 3 days	Michael McLaughlin
	Hearing Scheduled (Pretrial Conference 09/20/2012 02:00 PM)	Michael McLaughlin
	Scheduling Order For Trial & Further Proceedings	Michael McLaughlin
6/26/2012	Notice Of Service of Defendants Lake Cascade Airpark and Miller's First Set of Requests For Production of Documents and Interrogatories To Plaintiff	Michael McLaughlin
7/2/2012	Change Assigned Judge (batch process)	
7/19/2012	Plaintiff's Motion For Summary Judgment	Thomas F. Neville
	Plaintiff's Memorandum In Support Of Motion For Summary Judgment	Thomas F. Neville
	Affidavit In Support Of Motion For Summary Judgment	Thomas F. Neville
	Affidavit Of Title Company	Thomas F. Neville
	Affidavit Of Ron Kerl	Thomas F. Neville
	Notice Of Hearing	Thomas F. Neville
	Affidavit Of Susan Robbins	Thomas F. Neville
7/20/2012	Amended Notice Of Hearing	Thomas F. Neville
7/26/2012	Notice Of Service - Plntff's Response To Def's First Set Of Interrogatories & Plaintiff's Response To Def's First Set of Requests	Thomas F. Neville
8/1/2012	Hearing Scheduled (Motion for Summary Judgment 08/16/2012 03:00 PM)	Thomas F. Neville
8/2/2012	Affidavit Of Donald E. Miller In Opposition to Plaintiff's Motion For Summary Judgment	Thomas F. Neville
	Defendant's Lake Cascade Airpark, LLC And Donald And Candace Miller's Opposition To Plaintiff's Motion For Summary Judgment	Thomas F. Neville
8/9/2012	Defendants David A. Buich And Karen L. Buich's Concurrence With Co-Defendants' Opposition to Plaintiff's Motion For Summary Judgment	Thomas F. Neville
8/10/2012	Plaintiff's Reply Memorandum In Support Of Motion For Summary Judgment	Thomas F. Neville
	Motion To Strike Portions Of Affidavit Of Donald E. Miller	Thomas F. Neville
8/15/2012	Defendants' Opposition To Plaintiff's Motion To Strike Portions Of Affidavit Of Donald E. Miller	Thomas F. Neville

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, etal.

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, Donald E Miller, Candace W Miller, David A. Buich, Karen L Buich

Other Claims

Date		Judge
8/22/2012	Hearing result for Motion for Summary Judgment scheduled on 08/16/2012 03:00 PM: District Court Hearing Held Court Reporter: Sue Wolf Number of Transcript Pages for this hearing estimated: 73 minute hearing Request For District Judge Assistance	Thomas F. Neville Thomas F. Neville
8/27/2012	Order Denying Plaintiff's Motion To Strike Portions Of Affidavit Of Donald E. Miller Email from Diane Burrell - Judge Williamson will be Judge in 3 day court trial Order Granting In Part And Denying In Part Plaintiff's Motion For Summary Judgment	Thomas F. Neville Thomas F. Neville Thomas F. Neville
9/4/2012	Defendants Lake Cascade Airpark And Donald And Candace Miller's Expert Disclosure List	Thomas F. Neville
9/5/2012	Defendants' Motion To Continue Trial Setting And Request For Court Ordered Mediation	Thomas F. Neville
9/6/2012	Notice Of Service Of Defendants Lake Cascade Airpark, LLC's And Donald and Candace Miller's Supplemental Responses to Plaintiff's First Discovery Requests To Defendants Notice Of Hearing	Thomas F. Neville Thomas F. Neville
9/7/2012	Plaintiff's Objection To Defendants' Motion To Continue Trial	Thomas F. Neville
9/10/2012	Notice Of Hearing Hearing Scheduled (Pretrial Conference 09/20/2012 02:00 PM) & Motion To Continue Trial Setting & Request For Court Ordered Mediation Defendants' Lake Cascade Airpark, LLC And Donald And Candace Miller's Motion For Disqualification Without Cause Pursuant To Idaho R. Civ. P. 40(d)(1)	Thomas F. Neville Thomas F. Neville Thomas F. Neville
9/11/2012	Order Granting Motion For Disqualification Without Cause Pursuant To Idaho R. Civ. P. 40(d)(1)	Thomas F. Neville
9/12/2012	Notice Of Hearing Continued (Court Trial 09/25/2012 09:00 AM) 3 days	Thomas F. Neville George D. Carey
9/13/2012	Plaintiff's Motion In Limine To Exclude Defendants' Expert Witness Notice Of Hearing on Plaintiff's Motion In Limine and Defendants Motion To Disqualify Hon. Williamson Plaintiff's Exhibit and Witness List Plaintiff's Objection To Defendants Motion For Disqualification Of Hon. Darla S. Williamson Defendants' Exhibit List Defendants' Witness List Notice Of Service Of Defendants Lake Cascade Airpark, LLC's And Donald And Candace Miller's Second Supplemental Response to Plaintiff's First Discovery Requests To The Defendants Lake Cascade Airpark, LLC Miller, And Buich	Thomas F. Neville Thomas F. Neville Thomas F. Neville Thomas F. Neville Thomas F. Neville Thomas F. Neville Thomas F. Neville

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, etal.

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, Donald E Miller, Candace W Miller, David A. Buich, Karen L Buich

Other Claims

Date		Judge
9/18/2012	Defendant Lake Cascade Airpark and Donald And Candace Miller's Opposition to Plaintiff's Motion In Limine To Exclude Defendants' Expert Witness	Thomas F. Neville
	Affidavit Of Allison M. Blackman In Support Of Defendant Lake Cascade Airpark and Donald And Candace Miller's Opposition to Plaintiff's Motion In Limine To Exclude Defendants' Expert Witness	Thomas F. Neville
9/20/2012	Defendant's Lake Cascade Airpark and Donald and Candace Miller's Trial Brief	Thomas F. Neville
9/21/2012	Notice Of Service Of Defendants Lake Cascade Airpark, LLC's And Donald And Candace Miller's Third Supplemental Response To Plaintiff's First Discovery Requests To The Defendants Lake Cascade Airpark, LLC, Miller, And Buich	Thomas F. Neville
9/26/2012	Hearing result for Pretrial Conference scheduled on 09/20/2012 02:00 PM: District Court Hearing Held Court Reporter: Sue Wolf Number of Transcript Pages for this hearing estimated: 54 minute hearing	Thomas F. Neville
	Hearing result for Court Trial scheduled on 09/25/2012 09:00 AM: District Court Hearing Held Court Reporter: Diane Oatman/Sue Wolf Number of Transcript Pages for this hearing estimated: 4 hour hearing	George D. Carey
	Parial Findings Of Fact And Conclusions	Thomas F. Neville
9/27/2012	Partial Findings And Conclusions And Partial Judgment	George D. Carey
11/2/2012	Decree Of Foreclosure And Order Of Sale	Thomas F. Neville
11/8/2012	Writ Issued - Execution In Foreclosure/Levy	Thomas F. Neville
	Miscellaneous Payment: Writs Of Execution Paid by: Cooper & Larsen, CHTD Receipt number: 0005717 Dated: 11/8/2012 Amount: \$2.00 (Check)	Thomas F. Neville
11/13/2012	Defendants' Lake Cascade Airpark, LLC And Donald And Candace Miller's Motion To Alter Or Amend Partial Findings And Conclusions And Alternative Motion For New Trial	Thomas F. Neville
	Memorandum In Support Of Defendants' Lake Cascade Airpark, LLC And Donald And Candace Miller's Motion To Alter Or Amend Partial Findings And Conclusions And Alternative Motion For New Trial	Thomas F. Neville
	Affidavit Of Bradley J. Dixon In Support Of Defendants' Lake Cascade Airpark, LLC And Donald And Candace Miller's Motion To Alter Or Amend Partial Findings And Conclusions And Alternative Motion For New Trial	Thomas F. Neville
11/16/2012	Hearing Scheduled (Motion 12/06/2012 02:00 PM) Motion To Alter or Amend Partial Findings And Conclusion And Alternative motion For New Trial	Thomas F. Neville
11/19/2012	Notice Of Hearing	Thomas F. Neville
11/23/2012	Miscellaneous Payment: Writs Of Execution Paid by: Cooper & Larsen, CHTD Receipt number: 0005912 Dated: 11/23/2012 Amount: \$2.00 (Check)	Thomas F. Neville
	Writ Returned	Thomas F. Neville

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, etal.

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, Donald E Miller, Candace W Miller, David A. Buich, Karen L Buich

Other Claims

Date		Judge
11/23/2012	Miscellaneous Payment: Writs Of Execution Paid by: Cooper & Larsen, CHTD Receipt number: 0005912 Dated: 11/23/2012 Amount: \$2.00 (Check)	Thomas F. Neville
	Writ Issued - Amended Execution In Foreclosure/Levy	Thomas F. Neville
	Stipulation To Extend Time To File Reply	Thomas F. Neville
11/26/2012	Defendants David A. Buich And Karen L. Buich's Non-Opposition To Motior	Thomas F. Neville
11/27/2012	Amended Notice Of Hearing - Hearing in Ada County_Judge Carey presiding	Thomas F. Neville
12/3/2012	Plaintiff's Brief Opposing Defendants Lake Cascade Airpark And Miller's Motions to Alter Or Amend Partial findings, Or Motion for New Trial	Thomas F. Neville
12/6/2012	Hearing result for Motion scheduled on 12/06/2012 02:00 PM: District Court Hearing Held Court Reporter: In Ada County Court Number of Transcript Pages for this hearing estimated: Less than 100 pages	George D. Carey
12/10/2012	Memorandum And Order On Post-Trial Motions	Thomas F. Neville
12/20/2012	Affidavit Of Mailing	Thomas F. Neville
12/26/2012	STATUS CHANGED: closed pending clerk action	Thomas F. Neville
1/2/2013	Motion For Preliminary Injunction	Thomas F. Neville
	Memorandum In Support Of Motion For Preliminary Injunction	Thomas F. Neville
	Affidavit Of Allison M. Blackman In Support Of Motion For Preliminary Injunction	Thomas F. Neville
1/4/2013	Notice Of Withdrawal Of Motion For Preliminary Injunction	Thomas F. Neville
1/7/2013	Plaintiff's Objection To Defendant's Lake Cascade Airpark And Miller's Motion For Preliminary Injunction	Thomas F. Neville
1/8/2013	Defendant's Motion To Temporarily Stay Foreclosure Sale And Motion For Expedited Review	Thomas F. Neville
	Memorandum In Support Of Defendant's Motion To Temporarily Stay Foreclosure Sale And Motion For Expedited Review	Thomas F. Neville
	Affidavit Of Bradley J. Dixon In Support Of Defendant's Motion To Temporarily Stay Foreclosure Sale And Motion For Expedited Review	Thomas F. Neville
	Hearing Scheduled (Motion 01/09/2013 03:00 PM) Motion To Temporarily Stay Foreclosure Sale And Motion For Expedited Review	Thomas F. Neville
1/9/2013	Notice Of Hearing	Thomas F. Neville
	Certificate Of Service - Memorandum And Order On Post-Trial Motions was emailed by Ada County deputy clerk to all parties on 01/03/2013 and confirmed via email to D. Perry on 01/04/2013	Thomas F. Neville
	Order Granting In Part And Denying In Part Defendants' Motion To Temporarily Stay Foreclosure Sale And Motion For Expedited Review	Thomas F. Neville
	Hearing result for Motion scheduled on 01/09/2013 03:00 PM: District Court Hearing Held Court Reporter: Sue Wolf - Ada County Court Number of Transcript Pages for this hearing estimated: Less than 100 pages	Thomas F. Neville

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, etal.

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, Donald E Miller, Candace W Miller, David A. Buich, Karen L Buich

Other Claims

Date		Judge
1/11/2013	Plaintiff's Objection To Defendants Lake Cascade Airpark And Miller's Motion For Temporary Stay	Thomas F. Neville
1/24/2013	Miscellaneous Payment: For Making Copy Of Any File Or Record By The Clerk, Per Page Paid by: HAWLEY Troxell Ennis & Hawley Receipt number: 0000248 Dated: 1/24/2013 Amount: \$27.00 (Check)	Thomas F. Neville
2/1/2013	Motion For Entry Of Deficiency Judgment Against Defendants	Thomas F. Neville
2/4/2013	Hearing Scheduled (Motion 02/28/2013 02:30 PM) Motion For Entry Of Deficiency Judgment Against Defendants	Thomas F. Neville
2/6/2013	Notice Of Hearing	Thomas F. Neville
2/21/2013	Defendants Lake Cascade Airpark And Donald And Candace Miller's Opposition To Motion For Entry Of Deficiency judgment Against Defendants	Thomas F. Neville
2/25/2013	Motion For Entry Of Deficiency Judgment Against Defendants	Thomas F. Neville
2/27/2013	Memorandum In Support Of Motion For Entry Of Deficiency Judgment Against Defendants	Thomas F. Neville
3/5/2013	Hearing result for Motion scheduled on 02/28/2013 02:30 PM: District Court Hearing Held Court Reporter: Sue Wolf Number of Transcript Pages for this hearing estimated: Motion For Entry Of Deficiency Judgment Against Defendants - 34 minute hearing	Thomas F. Neville
3/19/2013	Decree of Foreclosure And Order Of Sale Nunc Pro Tunc (effective 11/02/2012, nunc pro tunc)	Thomas F. Neville
	Judgment	Thomas F. Neville
3/27/2013	Miscellaneous Payment: For Making Copy Of Any File Or Record By The Clerk, Per Page Paid by: Cooper & Larsen, Chtd Receipt number: 0001337 Dated: 3/27/2013 Amount: \$3.00 (Check)	Thomas F. Neville
	Miscellaneous Payment: For Certifying The Same Additional Fee For Certificate And Seal Paid by: Cooper & Larsen, Chtd Receipt number: 0001337 Dated: 3/27/2013 Amount: \$1.00 (Check)	Thomas F. Neville
	Motion For Award Of Attorney Fees	Thomas F. Neville
	Memorandum Of Costs	Thomas F. Neville
	Affidavit Of Ron Kerl In Support Of Motion For Attorney Fees	Thomas F. Neville
4/3/2013	Hearing Scheduled (Motion for Attorney fees and Costs 04/25/2013 03:00 PM) Tentative set - Counsel to submit NOTH	Thomas F. Neville
4/5/2013	Notice Of Hearing	Thomas F. Neville
4/17/2013	Motion To Appear Telephonically For Hearing	Thomas F. Neville
4/24/2013	Order Granting Motion To Appear Telephonically For Hearing	Thomas F. Neville
4/25/2013	Hearing result for Motion for Attorney fees and Costs scheduled on 04/25/2013 03:00 PM: District Court Hearing Held Court Reporter: Sue Wolf Number of Transcript Pages for this hearing estimated: 10 minute hearing	Thomas F. Neville
4/29/2013	Notice of Appeal	Thomas F. Neville

Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, etal.
Northwest Farm Credit Services, FLCA vs. Lake Cascade Airpark, LLC, Donald E Miller, Candace W Miller, David A. Buich, Karen L Buich

Other Claims

Date		Judge
4/29/2013	Filing: L4 - Appeal, Civil appeal or cross-appeal to Supreme Court Paid by: Dixon, Bradley J. (attorney for Lake Cascade Airpark, LLC) Receipt number: 0001835 Dated: 4/29/2013 Amount: \$109.00 (Check) For: Buich, David A. (defendant), Buich, Karen L (defendant) and Lake Cascade Airpark, LLC (defendant)	Thomas F. Neville
5/1/2013	Bond Posted - Cash (Receipt 1890 Dated 5/1/2013 for 100.00)	Thomas F. Neville
5/2/2013	Clerk's Certificate Of Appeal	Thomas F. Neville
5/6/2013	Order Granting Motion For Award Of Attorney Fees And Awarding Costs \$29,397	Thomas F. Neville
7/1/2013	Estimate Costs of Clerk's Record On Appeal	Thomas F. Neville
	Notice Of Lodging Transcript On Appeal - Dianne Cromwell	Thomas F. Neville

ARCHIE N. BANBURY, CLERK
BY John DEPUTY

FEB 06 2012

Ron Kerl, Esq. - ISB #1768
COOPER & LARSEN, CHARTERED
151 North Third Avenue, Second Floor
P.O. Box 4229
Pocatello, ID 83205-4229
Telephone: (208) 235-1145
Facsimile: (208) 235-1182
Email: ron@cooper-larsen.com

Case No. _____ Inst. No. _____
Filed _____ A.M. 5:00 P.M.

Attorney for Northwest Farm Credit Services, FLCA

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,
a federally chartered instrumentality of the United
States of America,

Plaintiff,

vs.

LAKE CASCADE AIRPARK, LLC, an Idaho limited
liability company; DONALD E. MILLER and
CANDACE W. MILLER, husband and wife; DAVID
A. BUICH and KAREN L. BUICH, husband and wife;

Defendants.

CASE NO. CV 2012-33C
FEE CATEGORY: A
FEE: \$88.00

**COMPLAINT TO
FORECLOSE REAL ESTATE
MORTGAGES**

Plaintiff, for cause of suit against the above named Defendants, complains and alleges as follows:

1.

STATUS OF PLAINTIFF. At all times herein mentioned Plaintiff has been and now is a corporation organized under the laws of the United States of America. Plaintiff has its principal place of business at Spokane, Washington, and is authorized, among other things, to loan money and to take notes and mortgages as security therefore in the State of Idaho.

2.

STATUS OF DEFENDANTS. The Defendant Lake Cascade Airpark, LLC ("Lake Cascade Airpark") is an Idaho limited liability company doing business in the State of Idaho, and it is a maker of the Note and Loan Agreements and Mortgages herein sought to be foreclosed and the owner in fee simple of the premises described in said Mortgages.

Donald E. Miller and Candace W. Miller were at all times hereinafter mentioned husband and wife ("Miller"). Said Defendants are co-makers of the Note and Loan Agreements herein sought to be enforced.

David A. Buich and Karen L. Buich were at all times hereinafter mentioned husband and wife ("Buich"). Said Defendants are co-makers of the Note and Loan Agreements herein sought to be enforced.

3.

INFERIOR INTERESTS. The above named Defendants, and each of them, may claim some right, title, lien or interest in the property described in Plaintiff's Mortgages described herein, but their interest, if any, in and to said property is junior, subordinate, and subsequent to the rights and liens of the Plaintiff.

COUNT ONE

4.

PROMISSORY NOTE. On the 27th day of May, 2008, Plaintiff loaned to Defendants Lake Cascade Airpark, Miller and Buich the sum of \$2,450,000.00, and as evidence of said loan the said Defendants made, executed and delivered to the Plaintiff their Note and Loan Agreement dated May 27, 2008, in the principal sum of \$2,450,000.00, both principal and interest being payable in words

and figures as set forth in Exhibit "A" attached, which is a true and correct copy of said Note and Loan Agreement and it is hereby incorporated by reference as if set forth in full at this place.

5.

DESCRIPTION OF REAL PROPERTY SECURITY. As security for the repayment of said loan, together with interest, costs, and attorney's fees, the Defendant Lake Cascade Airpark made, executed and delivered to Plaintiff that certain Mortgage dated May 27, 2008, on the following described real property situated in Valley County, State of Idaho, to-wit:

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE1/4NE1/4; S1/2NE1/4; NE1/4SE1/4; N1/2NW1/4SE1/4; SE1/4NW1/4SE1/4; SE1/4SE1/4; N1/2NE1/4SW1/4; SE1/4NW1/4; AND NW1/4NE1/4;

AND

That portion of the following described land lying within the S1/2NE1/4SW1/4;

Being a strip of land 100.00 feet wide situate in the NE1/4SW1/4 of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (Predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of Judgments at page 105 in Boise County Records

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the E1/2 of the SW1/4 of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South 1/4 corner thereof; thence northerly along a tangent to a point in the North line of said South 1/2 48 feet West from the center of said Section 10;

Excepting therefrom any portion of the above-described strip of land lying within the S1/2 of the S1/2 of said Section 10.

Parcel 2:

Beginning at the center of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho; Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING;

Together with all water and water rights, ditches, conduits, rights of way used upon or appurtenant to said property, however, evidenced;

Together with any and all rents, issues, tenements, hereditaments and appurtenances thereunto belonging or used in connection therewith.

Said Mortgage was recorded on the 29th day of May, 2008, under Recorder's Instrument No. 331953 in the records of Valley County, Idaho, and contains covenants, conditions and agreements of the mortgagor Lake Cascade Airpark as set forth in Exhibit "B" attached, which is a true and correct copy of said Mortgage, hereby incorporated by reference as if set forth herein at length. Said Mortgage has never been satisfied or discharged.

6.

WATER RIGHTS. Said Mortgage covers all water and water rights used upon or appurtenant to said property, however evidenced.

7.

DEFAULT AND ACCELERATION. Plaintiff is the owner and holder of said Note and Loan Agreement and Mortgage.

The Defendants Lake Cascade Airpark, Miller and Buich, and each of them, are in default in that they have failed to pay the installments as they fell due under the Note and Loan Agreement. On November 21, 2011, the Plaintiff declared, and does hereby declare, all sums owing under said Note and Loan Agreement, and Mortgage due and payable in full.

On the 1st day of January, 2012 there was due, owing and unpaid upon the Note and Loan Agreement the sum of \$2,747,316.91, together with default interest thereafter accruing at the contract default rate, currently 10.40% per annum on the principal sum of \$2,596,325.28, or \$737.754 per day, from January 1, 2012, until date of Judgment herein, together with costs, foreclosure expenses, attorney's fees and expenses necessary to preserve Plaintiff's interest in the property heretofore advanced or hereafter accruing.

8.

ATTORNEY'S FEES. Plaintiff has had to employ counsel to represent it in this action and has obligated itself to pay a reasonable fee for such services. Plaintiff is entitled to recover reasonable attorney fees from Defendants Lake Cascade Airpark, Miller and Buich by virtue of the attorney fee provisions contained in the Note and Loan Agreement and Mortgage hereinabove described and attached hereto as Exhibits "A", and "B". Plaintiff alleges that \$5,000.00 is a reasonable sum to be allowed as attorney's fees herein if this action is uncontested, plus such additional sums as the Court may adjudge as reasonable attorney's fees in the event of contest, trial or appeal.

9.

USE OF PREMISES. Said mortgaged premises have at all times heretofore been used together as one lot or parcel and every part thereof is necessary for the best use and enjoyment of said mortgaged property and the same cannot be sold in separate parcels without material injury to the parties hereto.

10.

REASONABLE VALUE. The Plaintiff, upon information and belief, alleges that the reasonable value of the mortgaged premises and its appurtenances is the sum of \$1,335,000.00.

11.

NO OTHER ACTION. The Plaintiff has no plain, speedy or adequate remedy at law, and no other proceedings at law or in equity have been commenced or is pending to collect said Note and Loan Agreement or to foreclose this Mortgage. That all conditions precedent to the initiation and prosecution of the suit on said Note and Loan Agreement and foreclosure of said Mortgage have been satisfied.

COUNT TWO

12.

PROMISSORY NOTE. On the 27th day of May, 2008, Plaintiff loaned to Defendants Lake Cascade Airpark, Miller and Buich the sum of \$500,000.00, and as evidence of said loan the said Defendants made, executed and delivered to the Plaintiff their Ag Equity Line of Credit Note and Loan Agreement ("Note and Loan Agreement") dated May 27, 2008, in the principal sum of \$500,000.00, both principal and interest being payable in words and figures as set forth in Exhibit "C" attached, which is a true and correct copy of said Note and Loan Agreement and it is hereby incorporated by reference as if set forth in full at this place.

13.

DESCRIPTION OF REAL PROPERTY SECURITY. As security for the repayment of said loan, together with interest, costs, and attorney's fees, the Defendant Lake Cascade Airpark made, executed and delivered to Plaintiff a Ag Equity Line of Credit Mortgage ("Mortgage") dated May 27, 2008, on the following described real property situated in Valley County, State of Idaho, to-wit:

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE1/4NE1/4; S1/2NE1/4; NE1/4SE1/4; N1/2NW1/4SE1/4; SE1/4NW1/4SE1/4; S81/4SE1/4;
N1/2NE1/4SW1/4; S81/4NW1/4; AND NW1/4NE1/4;

AND

That portion of the following described land lying within the S1/2NE1/4SW1/4;

Being a strip of land 100.00 feet wide situate in the NE1/4SW1/4 of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (Predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of Judgments at page 103 in Boise County Records

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the S1/2 of the SW1/4 of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South 1/4 corner thereof; thence northerly along a tangent to a point in the North line of said South 1/2 48 feet West from the center of said Section 10;

Excepting therefrom any portion of the above-described strip of land lying within the S1/2 of the S1/2 of said Section 10.

Parcel 2:

Beginning at the corner of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho; Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING;

Together with all water and water rights, ditches, conduits, rights of way used upon or appurtenant to said property, however, evidenced;

Together with any and all rents, issues, tenements, hereditaments and appurtenances thereunto belonging or used in connection therewith.

Said Mortgage was recorded on the 29th day of May, 2008, under Recorder's Instrument No. 331954 in the records of Valley County, Idaho, and contains covenants, conditions and agreements of the mortgagor Lake Cascade Airpark as set forth in Exhibit "D" attached, which is a true and correct copy of said Mortgage, hereby incorporated by reference as if set forth herein at length. Said Mortgage has never been satisfied or discharged.

14.

WATER RIGHTS. Said Mortgage covers all water and water rights used upon or appurtenant to said property, however evidenced.

15.

DEFAULT AND ACCELERATION. Plaintiff is the owner and holder of said Note and Loan Agreement and Mortgage.

The Defendants Lake Cascade Airpark, Miller and Buich, and each of them, are in default in that they have failed to pay the installments as they fell due under the Note and Loan Agreement. On November 21, 2011, the Plaintiff declared, and does hereby declare, all sums owing under said Note and Loan Agreement, and Mortgage due and payable in full.

On the 1st day of January, 2012, there was due, owing and unpaid upon the Note and Loan Agreement the sum of \$548,391.53, together with default interest thereafter accruing at the contract default rate, currently 8.20% per annum on the principal sum of \$544,049.69, or \$121,891 per day, from January 1, 2012 until date of Judgment herein, together with costs, foreclosure expenses,

attorney's fees and expenses necessary to preserve Plaintiff's interest in the property heretofore advanced or hereafter accruing.

16.

ATTORNEY'S FEES. Plaintiff has had to employ counsel to represent it in this action and has obligated itself to pay a reasonable fee for such services. Plaintiff is entitled to recover reasonable attorney fees from Defendants Lake Cascade, Miller and Buich by virtue of the attorney fee provisions contained in the Note and Loan Agreement and Mortgage hereinabove described and attached hereto as Exhibits "C", and "D". Plaintiff alleges that \$5,000.00 is a reasonable sum to be allowed as attorney's fees herein if this action is uncontested, plus such additional sums as the Court may adjudge as reasonable attorney's fees in the event of contest, trial or appeal.

17.

USE OF PREMISES. Said mortgaged premises have at all times heretofore been used together as one lot or parcel and every part thereof is necessary for the best use and enjoyment of said mortgaged property and the same cannot be sold in separate parcels without material injury to the parties hereto.

18.

REASONABLE VALUE. The Plaintiff, upon information and belief, alleges that the reasonable value of the mortgaged premises and its appurtenances is the sum of \$1,335,000.00.

19.

NO OTHER ACTION. The Plaintiff has no plain, speedy or adequate remedy at law, and no other proceedings at law or in equity have been commenced or is pending to collect said Note and Loan Agreement or to foreclose this Mortgage. That all conditions precedent to the initiation and

prosecution of the suit on said Note and Loan Agreement and foreclosure of said Mortgage have been satisfied.

WHEREFORE, Plaintiff prays for Judgment as follows:

1. On Count One, that Plaintiff have judgment against Defendants Lake Cascade Airpark, Miller and Buich, and each of them, for the sum of \$2,747,316.91, together with default interest thereafter accruing at the contract default rate, currently 10.40% per annum on the principal sum of \$2,596,325.28, or \$737.754 per day, from January 1, 2012, until entry of Judgment and Decree; for any sums advanced by Plaintiff or which Plaintiff becomes obligated to advance for the payment of ground rents, taxes, assessments, hazard insurance premiums, mortgage insurance premiums, water charges and other governmental charges, fines or impositions levied, assessed or charged against the mortgaged property during the pendency of this action, including interest on such advance from date of advance; for the sum of \$5,000.00 as attorney's fee if this action is uncontested, plus such additional sums as the Court may adjudge as reasonable in the event of contest, trial or appeal; for Plaintiff's taxable costs and disbursements herein; and for interest on the entire amount of said judgment at the maximum rate allowed by law.

2. On Count Two, that Plaintiff have judgment against Defendants Lake Cascade Airpark, Miller and Buich, and each of them, the sum of \$548,391.53, together with default interest thereafter accruing at the contract default rate, currently 8.20% per annum on the principal sum of \$544,049.69, or \$121.891 per day, from January 1, 2012, until entry of Judgment and Decree; for any sums advanced by Plaintiff or which Plaintiff becomes obligated to advance for the payment of ground rents, taxes, assessments, hazard insurance premiums, mortgage insurance premiums, water charges and other governmental charges, fines or impositions levied, assessed or charged against the mortgaged property during the pendency of this action, including interest on such advance from date

of advance; for the sum of \$5,000.00 as attorney's fee if this action is uncontested, plus such additional sums the Court may adjudge as reasonable in the event of contest, trial or appeal; for Plaintiff's taxable costs and disbursements herein; and for interest on the entire amount of said judgment at the maximum rate allowed by law.

3. That the Plaintiff's Mortgages described herein be adjudged a first and second liens upon the mortgaged property superior to any right, title, claim, lien or interest on the part of the named Defendants or persons claiming by, through or under said Defendants.

4. That the Court, in the Decree, establish the reasonable value of the property herein in the amount of \$1,335,000.00, which is insufficient to satisfy the sums due under Count One and Two of this Complaint.

5. That the Plaintiff's Mortgages described herein be foreclosed and said real property, together with water rights, be sold in one parcel in accordance with and in the manner provided by law; that Plaintiff be permitted to be a purchaser at sale; that the net proceeds of said sale be applied first toward the payment of the costs of said sale and then towards the payment of Plaintiff's Judgment for sums due and owing under Count One, and any remaining balance be applied towards the payment of the sums due and owing under Count Two; that Plaintiff have and retain a deficiency judgment against Defendants Lake Cascade Airpark, Miller and Buich, and each of them, in the event that the purchase price bid at the Sheriff's Foreclosure Sale is less than the sum of Plaintiff's entire judgment under Counts One and Two, plus costs of sale.

6. That the Judgment and Decree provide that after the sale of said property all right, title, claim, lien or interest of the named Defendants Lake Cascade Airpark, and every person claiming by, through or under said Defendant, in or to said property, including the right of possession thereof from and after said sale, be forever barred and foreclosed and that the purchaser at said sale

be entitled to immediate possession of the premises as allowed by law subject only to such statutory rights of redemption as said Defendant may have by law.

7. That in the event the Plaintiff becomes the purchaser at the sale and possession of said premises is not surrendered to the Plaintiff, a writ of assistance be issued directing the Sheriff of Valley County, Idaho, to deliver possession of said premises to the Plaintiff; and

8. That Plaintiff may have such other and further relief as may be just and equitable in the premises.

DATED this 31 day of January, 2012.

COOPER & LARSEN, CHTD

Attorney for Plaintiff

By: _____

Ron Kerl

STATE OF IDAHO)
ss
County of Canyon)

Rod Endow, being first duly sworn, deposes and says:

That he is the Credit Manager in the above-entitled and foregoing action; that he has read the foregoing Complaint to Foreclose Real Estate Mortgages, knows the contents thereof, and that the facts therein stated are true as he verily believes.

DATED this 27th day of January, 2012.

Rod Endow
Rod Endow

SUBSCRIBED AND SWORN to before me this 27th day of January, 2012.

Deanna Peterson
NOTARY PUBLIC for Idaho
Residing at: BOISE, ID
Commission Expires: 10/16/2013

(SEAL)



Note and Loan Agreement
(Long-Term-ARM/Fixed/Variable)

Customer/Note No: 56578 - 441

Date: May 27, 2008

FOR VALUE RECEIVED, the undersigned ("Borrower") as principals, jointly and severally promise to pay to NORTHWEST FARM CREDIT SERVICES, FLCA ("Lender"), at its office in Spokane, Washington, or order, the principal sum of TWO MILLION FOUR HUNDRED FIFTY THOUSAND Dollars (\$2,450,000.00), plus interest on the Adjusted Principal Balance from and after the later of the date of this Note and Loan Agreement ("Note") or the date of disbursement, at an initial interest rate of 6.40 percent per annum which rate may be changed as provided for hereafter. The Installment Period is a one month period. The amount of investment in Stock or Participation Certificates shall be in the amount required by the Board of Directors from time to time. The interest rate in effect under this Note on any date, including interest at the default interest rate, if applicable, is the "Current Interest Rate."

Interest Payments: All accrued and unpaid interest on the Adjusted Principal Balance shall be paid in consecutive installments commencing on June 1, 2008 and continuing on the first day of each installment period thereafter until the date the first principal and interest payment becomes due, as provided hereafter.

Level Payments: Principal and interest shall be paid in equal installment payments of EIGHTEEN THOUSAND ONE HUNDRED TWENTY TWO Dollars and FIFTY NINE Cents (\$18,122.59), beginning on the first day of the Installment Period commencing on July 1, 2008, and continuing on the first day of each Installment Period thereafter; provided, however, the unpaid principal balance, unpaid interest thereon and other amounts remaining due under this Note shall be paid in full on June 1, 2028. If the date of disbursement is later than the date of this Note or the initial payment is due less than one Installment Period after the date of this Note, then the amount of the first installment due shall be adjusted to the amount which Lender determines is sufficient to charge interest on the unpaid principal balance at the Current Interest Rate from the date of disbursement to the first installment due date.

The amount of each installment due after an Interest Change Date shall be changed by Lender to the amount which Lender determines is sufficient to amortize the Adjusted Principal Balance over the remaining term of this Note.

Adjustable Rate: This is an adjustable rate loan.

- a. **Index.** The index in effect on any Interest Change Date is the per annum rate of interest equal to the weekly average yield on United States Treasury securities adjusted to a constant maturity of 5 year(s), as made available by the Federal Reserve Board in the latest Federal Reserve Statistical Release H. 15(519) ("Index Source") published on or before the 45th day prior to such Interest Change Date. If the Index or Index Source is no longer available, Lender will choose a new index or index source which it determines in its sole discretion is comparable.
- b. **Interest Rate Changes.** The interest rate may be changed every 5 year(s) on the anniversary of the first day of the month following the date of this Note, thereafter referred to as an "Interest Change Date." Borrower shall pay interest on the Adjusted Principal Balance on and after each Interest Change Date at the per annum interest rate equal to the sum of the Index in effect on such Interest Change Date, rounded to the nearest one-twentieth of one percent (.05%) plus 2.85 percent per annum (the "New Interest Rate"), until the next Interest Change Date.
- c. **Rate Caps.** The New Interest Rate on any Interest Change Date shall not increase or decrease from the Current Interest Rate on the date immediately prior to such Interest Change Date by more than 6 percent per annum. Provided, however, the New Interest Rate shall not increase or decrease from the Initial Interest Rate by more than 6 percent per annum. After a Default, Borrower shall pay interest at the default interest rate as provided for herein. The default interest rate is not limited by the interest rate caps in this paragraph.

Prepayment Fee Defined: For purposes of this Note, "prepayment" shall mean any instance wherein the indebtedness is partially or fully satisfied in any manner prior to a payment due date whether voluntarily or involuntarily (excluding scheduled payments that have been paid) pursuant to the terms of the mortgage or any of the other Loan Documents. Prepayment shall include, but not be limited to: (i) any payment after a default under this Note, the mortgage or the other Loan Documents; (ii) payment to Lender by any holder of a subordinate or superior interest in any collateral for the Note; (iii) any payment after the maturity date is accelerated for any reason permitted hereunder including, without limitation, any acceleration of the final loan maturity date resulting from the exercise of Lender's rights under this Note, the mortgage or the other Loan Documents; (iv) payment resulting from any sale or transfer of the collateral pursuant to foreclosure, sale under power, judicial order or trustee's sale under the mortgage; and (v) payment by sale, transfer or offsetting credit in connection with or under any bankruptcy, insolvency, reorganization, assignment for the benefit of creditors or receivership or similar proceedings under any statute of the United States or any state thereof involving Borrower and/or the collateral. In the event of any acceleration of the final loan maturity date hereunder, the amount due hereunder shall include the charge which would be due under the Prepayment Fee in the event of a voluntary prepayment at the time of such acceleration, and the date of acceleration of the final loan maturity date will be deemed to be the date of prepayment.



Prepayment Fee: Borrower and Lender intend that the principal balance of the Note will yield to Lender an annual return after the date of this Note is prepaid of not less than the interest rate for the period when the interest rate is fixed under the terms of this Note. To the extent this Note is prepaid ahead of scheduled payments when the rate is fixed, Lender will lose the intended benefit of its Loan bargain and may incur breakage or other transactional costs in reinvesting the prepaid amount. The prepayment fee is intended to reasonably compensate Lender for such loss and costs. Accordingly, Borrower and Lender agree that the "Prepayment Fee" shall be as follows: Borrower may, during any calendar year, prepay principal without charge which, in the aggregate, does not exceed an "Amount" equal to 5 percent of the principal face amount of the Note. Borrower shall pay a Prepayment Fee equal to the greater of (a) a fee calculated on a make-whole basis consistent with the procedure described on Exhibit "A" hereto, or (b) an amount equal to 1 percent of the amount of principal prepaid, which prepayment when totaled together with any other prepayments during a calendar year, exceeds such Amount.

Provided, however, no Prepayment Fee shall be charged Borrower if a principal prepayment is made within 60 days prior to an Interest Change Date on an adjustable rate loan with an Interest Change Date that may change every 3 or 5 years.

The Adjusted Principal Balance on any date is the unpaid principal balance on such date minus the principal portion of any installment payment(s) which are due on or before such date and are unpaid on such date. Any payment under this Note, except a Prepayment Fee, may be applied as of the date of receipt first to accounts receivable, default interest, other amounts then due, and any remainder to the loan balance. Subject to the preceding sentence, Borrower may at any time, pay any amount of principal in advance of its maturity, subject to any fees provided herein. Unless Lender otherwise elects, any such payment shall reduce the balance owing and discharge the indebtedness at an earlier date, but shall not alter the obligation to pay full installments as provided until the indebtedness is paid in full.

Default: Time is of the essence. A "Default" shall occur upon the failure of Borrower to make any payment or perform any covenant or obligation when required to be paid or performed by this Note or the Loan Documents.

Default Interest Rate: In the event that any payment or any portion thereof, is not paid when due, Borrower shall pay Lender on demand interest at a per annum interest rate equal to the interest rate in effect at the time of default plus 4 percent per annum on the total amount of the payment due until the earlier of the date such payment is paid or the date of acceleration.

In the event of any Default, at Lender's option without notice or demand, the unpaid principal balance, plus all accrued and unpaid interest thereon and all other amounts due shall immediately become due and payable and bear interest thereafter at a per annum rate equal to the interest rate in effect at the time of acceleration plus 4 percent per annum until paid in full.

Advances, Fees and Costs: All sums advanced by Lender to protect its interests hereunder or under the Loan Documents shall be payable on demand and shall become a part of the unpaid principal balance evidenced by this Note. Borrower shall pay Lender on demand all attorney fees and costs incurred to protect or enforce any of Lender's rights in bankruptcy, appellate proceedings, or otherwise, under this Note or the Loan Documents. Lender may charge interest on advances, fees and costs at the Current Interest Rate from the date such advances, fees and costs are advanced or paid by Lender.

General Provisions: Borrower agrees to this Note as of the date first above written. The Loan Documents shall include the Note, the Membership Agreement, security documents, and all documents and instruments of any kind executed by Borrower in connection with this Note and any amendments thereto. Borrower waives presentment for payment, demand, notice of nonpayment, protest, and notice of protest, diligence in enforcing payment of this Note, and all other defenses. This Note and the Loan Documents constitute the entire agreement between Borrower and Lender and supersede all prior oral negotiations and promises which are merged into such writings. Upon written agreement of the parties, the interest rate, payment terms or balance due under this Note may be indexed, adjusted, renewed or renegotiated. Borrower agrees that Lender may at any time, without notice, release all or any part of the security for this Note, including any real estate and/or personal property covered by the Loan Documents, grant one or more extensions, deferments, renewals or reamortizations of any part of the loan evidenced by this Note over any period of time; and release from personal liability any one or more of the parties who are or may become liable for the loan evidenced by this Note without affecting the personal liability of any other party. Lender may exercise any and all rights and remedies available at law or in equity or provided herein or in the Loan Documents. Any delay or omission by Lender in exercising a right or remedy shall not waive that or any other right or remedy. No waiver of default by Lender shall operate as a waiver of the same or any other default on a future occasion. Each Borrower shall provide annually, within 90 days of the end of Borrower's fiscal year, in a form prescribed by or acceptable to Lender, a current balance sheet and income and expense statement that have been certified as true and correct. Borrower agrees to take any action requested by Lender to perfect or continue the lien and priority of the Loan Documents, including but not limited to, any action requested by any governmental agency.

WAIVER OF JURY TRIAL. BORROWER AND LENDER HEREBY IRREVOCABLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS LOAN DOCUMENT OR ANY OTHER LOAN DOCUMENTS AND ANY FUTURE MODIFICATIONS, AMENDMENTS, EXTENSIONS, RESTATEMENTS AND SERVICING ACTIONS RELATING TO THIS LOAN DOCUMENT AND ANY OTHER LOAN DOCUMENTS. THE PARTIES INTEND THAT THIS JURY WAIVER WILL BE ENFORCED TO THE MAXIMUM EXTENT ALLOWED BY LAW.

Security: This Note is secured by a security interest in property as described by the Membership Agreement and the following Loan Documents:

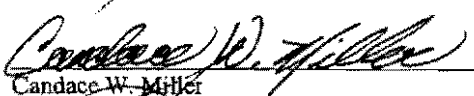
Mortgage

Special Terms and Conditions: This loan is subject to the terms and conditions of this Note and the Loan Documents, including, but not limited to, any Loan Documents or loan conditions which may be referenced below:

Borrower agrees to provide evidence, satisfactory to Lender, prior to loan disbursement, of 330 acres M.I. assessed from Center Irrigation District and evidence that any assessments are current.

Under Idaho Law, a promise or commitment to lend money or to grant or extend credit in an original principal amount of fifty thousand dollars (\$50,000) or more, made by a person or entity engaged in the business of lending money or extending credit is invalid unless the same or some note or memorandum thereof is in writing and signed by the party liable, or by her/his agent.


Donald E. Miller


Candace W. Miller


David A. Buich


Karen L. Buich

Lake Cascade Amphibark, LLC

By: 
David A. Buich, a member

By: 
Karen L. Buich, a member

By: 
Donald E. Miller, a member

By: 
Candace W. Miller, a member

Pay to the Order of CoBank, ACB.

THE FOLLOWING INFORMATION IS FOR DISCLOSURE PURPOSES ONLY, FOR LOANS NOT SUBJECT TO TRUTH IN LENDING.

These disclosures are made pursuant to the Farm Credit Act of 1971, as amended. This Loan is not subject to the Truth in Lending Act and the effective interest rate should not be interpreted as the equivalent of the annual percentage rate under Truth in Lending standards. The effective interest calculations assume disbursement of \$2,450,000.00 on May 23, 2008 with a \$24,500.00 Loan fee. **STATED INTEREST RATE:** The rate of interest currently applicable to your Loan is 6.40 percent. **EFFECTIVE INTEREST RATE:** The stated rate of interest adjusted to take into account the Loan origination charges is 6.53 percent. In the event you were required to purchase Stock or Participation Certificates in conjunction with this Loan, the stated rate of interest adjusted to take into account the Stock or Participation Certificate investment and Loan origination charges is 6.53 percent. The effective interest rate calculations do not assume Stock or Participation Certificate retirement at Loan maturity. Stock or Participation Certificate retirement is dependent upon Northwest Farm Credit Services, ACA meeting capital adequacy requirements and the adoption of policy by the Board of Directors permitting Stock or Participation Certificate retirement. Capital equities purchased in Northwest Farm Credit Services, ACA are at risk.

This is an **ADJUSTABLE RATE LOAN** — The Stated Interest Rate is subject to change at pre-established adjustment periods as provided in the Note. The amount of rate change is tied to an index and rate caps as provided in the Note. In addition, in the event of default, a default interest rate will be charged as provided in the Note. You will be notified of any interest rate change as may be required under the Farm Credit Act and regulations.

See your Loan Documents for further information on your loan terms and conditions.

EXHIBIT A- PREPAYMENT FEE CALCULATION

- A. **Definitions.** For purposes of this Exhibit A, the following definitions apply:
1. "Prepayment Amount Subject to Fee" means the net amount of any principal prepayment made less the 5% of principal face amount of the Note which is allowed per calendar year without charge.
 2. "Remaining Fixed Pricing Period" for the Loan while priced with a fixed rate means the period of time beginning on the date a Prepayment Amount Subject to Fee is made and ending on the earlier of the date the interest rate will change under the terms of the Note or the final maturity date.
 3. "Initial Reference Rate" for the Loan while priced with a fixed rate means the annualized rate used by Lender or a participant to fund the amount being prepaid, assigned to such Loan by the Lender or a participant to obtain the funds loaned to Borrower when the fixed rate became effective.
 4. "Final Reference Rate" for the Loan means the annualized rate the Lender or a participant would allocate on the date of Lender's receipt of a Prepayment Amount Subject to Fee to fund a new advance in such amount for the Remaining Fixed Pricing Period.
- B. **Calculation of Prepayment Fee.** The Prepayment Fee is calculated using the six (6) steps as provided below:
1. Compare the Initial Reference Rate and the Final Reference Rate. If the Initial Reference Rate is less than or equal to the Final Reference Rate, the make-whole amount is zero. If the Initial Reference Rate is greater than the Final Reference Rate, complete the following steps to calculate the make-whole amount.
 2. Calculate the interest payment which will accrue on the Prepayment Amount Subject to Fee over the Remaining Fixed Pricing Period at the Initial Reference Rate ("Initial Interest Amounts").
 3. Calculate the interest payment which will accrue on the Prepayment Amount Subject to Fee over the Remaining Fixed Pricing Period at the Final Reference Rate ("Final Interest Amounts").
 4. Calculate the "Differential Interest Amount" for each interest payment due during the Remaining Fixed Pricing Period by subtracting the Final Interest Amount from the Initial Interest Amount for each such payment.
 5. The make-whole amount is the sum of the discounted present value of each Differential Interest Amount, discounted at the Final Reference Rate from the date such payment would be due back to the prepayment date.
 6. The one percent fee is calculated on the Prepayment Amount Subject to Fee. The one percent fee is compared to the make-whole amount calculated in step 5 above. The greater of the make-whole amount or one percent fee is the Prepayment Fee.

An example of a Prepayment Fee calculation is set forth below.

Prepayment Amount Subject to Fee	\$500,000.00
Initial Reference Rate	5.50%
Final Reference Rate	5.00%
Scheduled Interest Payments in the Remaining Fixed Pricing Period	1
Remaining Fixed Pricing Period	1 year
Installment Period	Annual

Compare Rates – Step 1

Initial Reference Rate	5.50%
Final Reference Rate	5.00%
(The Final Reference Rate is the one-year Medium Term Discount Note Rate, as adjusted by Lender)	
Continue to the next step because the Initial Reference Rate is greater than the Final Reference Rate.	

Scheduled Interest Payments at the Initial Reference Rate – Step 2

Interest Payment	Initial Interest Amounts	Prepayment Amount Subject to Fee
1	\$27,500.00	\$500,000.00
[((\$500,000.00 × 5.50%) ÷ 12) × 12]		\$500,000.00
Carry forward the Initial Interest Amounts to Step 4		

Scheduled Interest Payments at the Final Reference Rate – Step 3

Interest Payment	Final Interest Amounts	Prepayment Amount Subject to Fee
1	\$25,000.00	\$500,000.00
[((\$500,000.00 × 5.00%) ÷ 12) × 12]		\$500,000.00
Carry forward the Final Interest Amounts to Step 4		

Interest Difference – Step 4

Interest Payment	Initial Interest Amounts	Final Interest Amounts	Differential Interest Amount
1	\$27,500.00	\$25,000.00	\$2,500.00
Carry forward the Differential Interest Amount to Step 5			

Net Present Value of Differential Interest Amounts – Step 5

Interest Payment	Final Reference Rate	Present Value Factor	Differential Interest Amount	Present Value
1	5.00%	0.952381	\$2,500.00	\$2,380.95
			Make-whole Amount	\$2,380.95

Calculate the one percent fee and Prepayment Fee – Step 6

Prepayment Amount Subject To Penalty	Times	One Percent	One Percent Fee	Greater of Make- Whole or 1% Fee
\$500,000.00	X	.01	\$5,000.00	\$5,000.00
			Prepayment Fee	\$5,000.00

Instrument / 31953 3314 J
 VALLEY COUNTY, CASCADE, IDAHO
 5-29-2008 11:48:48 No. of Pages: 5
 Recorded for: AMERITITLE
 ARCHIE N. BANBURY Fee: 15.00
 Ex-Officio Recorder Deputy *[Signature]*
 Index to: MORTGAGE

IC12887

Customer/Note No: 56578 - 441

After Recording Return to:

Farm Credit Services - Ontario
 378 West Idaho Avenue
 PO Box 279
 Ontario, OR 97914

Mortgage

On May 27, 2008, Lake Cascade Airpark, LLC, a limited liability company, hereinafter called Mortgagors, whose address is

291 E Shore Drive, Suite 200
 Eagle, ID 83616

grant, convey, warrant, transfer and assign to Northwest Farm Credit Services, FLCA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Mortgagee, whose address is 1700 South Assembly Street, P.O. Box 2515, Spokane, Washington 99220-2515, a mortgage and security interest in property in Valley County(ies), State of Idaho, more particularly described as follows:

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE1/4NE1/4; S1/2NE1/4; NE1/4SE1/4; N1/2NW1/4SE1/4; SE1/4NW1/4SE1/4; SE1/4SE1/4;
 N1/2NE1/4SW1/4; SE1/4NW1/4; AND NW1/4NE1/4;

AND

That portion of the following described land lying within the S1/2NE1/4SW1/4;

Being a strip of land 100.00 feet wide situate in the NE1/4SW1/4 of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (Predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of Judgments at page 105 in Boise County Records

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the E1/2 of the SW1/4 of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South 1/4 corner thereof; thence northerly along a tangent to a point in the North line of said South 1/2 48 feet West from the center of said Section 10.

Excepting therefrom any portion of the above-described strip of land lying within the S1/2 of the S1/2 of said Section 10.

Parcel 2:

Beginning at the center of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho;
 Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING;

and including all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances, (including without limitation private roads, grazing



privileges, water rights, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling, ventilating, elevating, and irrigating apparatus and other equipment and fixtures, now or hereafter belonging to or used in connection therewith), all of which is hereinafter called the "Property."

The following described Note(s), Membership Agreements, security documents and any other documents or instruments signed in connection with the Note(s) and security documents and any amendments thereto are collectively called the "Loan Documents." "Advances" shall include any amounts provided to Mortgagor under the terms of the Loan Documents and any amounts expended by Mortgagee to protect the Property or enforce its rights under the Loan Documents. This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any Loan Documents, and payment of the indebtedness under the terms of the Note(s) made by Mortgagors to the order of Mortgagee, with interest and charges as provided therein and in the Loan Documents, and any extensions, modifications or renewals thereof.

DATE OF NOTE	PRINCIPAL AMOUNT	FINAL INSTALLMENT DATE
May 27, 2008	\$2,450,000.00	June 1, 2028

The terms of the Note(s) and Loan Documents, described above, provide that the interest rate, payment terms or amounts due may be indexed, adjusted, renewed or renegotiated.

Mortgagors and each of them REPRESENT, WARRANT, COVENANT and AGREE:

1. That they have title to the Property free from encumbrances, except as described above, they have good right and lawful authority to convey and encumber the same; they will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and they agree this covenant shall not be extinguished by foreclosure or other transfers. Mortgagor authorizes Mortgagee to file a financing statement and any continuations thereof, describing any personal property or fixtures described herein, without further signature by Mortgagor.
2. To keep all buildings and other improvements, now or hereafter existing, in good repair, not to remove or demolish or permit the removal or demolition of any building or other improvement; to restore promptly in a good and workmanlike manner, any building or improvement, which may be damaged or destroyed; to maintain and cultivate the Property in a good and husbandlike manner, using approved methods for preserving the fertility and productivity thereof; not to change or permit change in the use of the Property; and not to do anything which would reduce the value of the Property.
3. To maintain casualty insurance, naming Mortgagee as loss payee, on all buildings and improvements, against loss or damage by fire or other risks; to maintain liability insurance; to obtain flood insurance at any time it is determined that any building or improvement is located in whole or in part within a special flood hazard area; to pay all premiums and charges on all such insurance when due; and to provide Mortgagee satisfactory evidence of such insurance upon request. All such insurance shall be in such form(s), with such company(ies) and in such amount(s) as shall be satisfactory to Mortgagee.
4. Not to apply or enter into any federal, state, local or other program, license, easement, or other agreement which limits or restricts the use of the Property, in any way, without prior written consent of Mortgagee.
5. To pay all debts and money, secured hereby, when due; to pay, when due, all taxes, assessments, rents and other charges upon the Property and to suffer no other encumbrance, charge or lien on the Property, which would be superior to this mortgage, except as stated above.
6. To specifically assign and deliver to Mortgagee all rents, royalties, damages and payments of every kind, including without limitation insurance reimbursements and condemnation awards, at any time accruing, for any transfer, loss or seizure of the Property, any portion thereof or any rights therein; and Mortgagee may, at its option, apply such amounts in any proportion to any of the indebtedness hereby secured; and Mortgagee shall have the right to enter upon the Property to make full inspection of the Property.
7. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property and its use, including without limitation all environmental laws; not to use or permit the use of the Property for any unlawful or objectionable purpose or for any purpose that poses an unreasonable risk of harm, or that impairs or may impair the value of the Property, or any part thereof; not to apply residue from waste water treatment facilities to the Property without prior written notice to Mortgagee; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Mortgagee access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Mortgagee shall be for Mortgagee's purposes only and shall not be construed to create any responsibility or liability on the part of Mortgagee to Mortgagors or to any other person), to forward copies of any notices received from any environmental agencies to Mortgagee; to provide Mortgagee copies of any independent test or inspection reports on the environmental status of the Property; and to indemnify and hold Mortgagee, its directors, employees, agents and its successors and assigns, harmless from and against any environmental claims of any kind, and all costs and expenses incurred in connection therewith, including, without limitation, attorney's fees.

8. That neither Mortgagors nor, to the best of the Mortgagor's knowledge, any prior owner has created or permitted conditions on the Property, which may give rise to environmental liability; no enforcement actions are pending or threatened; no underground tanks are located on the Property except as already disclosed; any such underground tanks currently or previously located on the Property do not now and never have leaked and no contaminated soil is located on the Property; and Mortgagor's representations, warranties, covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the Note(s) and Loan Documents, foreclosure of this mortgage, acceptance of a deed in lieu of foreclosure or any transfer or abandonment of the Property.
9. To perform all terms and conditions of each water or other contract, described above, if any, and to promptly pay all sums due or to become due under each contract so that no delinquency or default will occur under such contract(s); to perform all acts necessary to perfect and maintain any water permit, certificate, license or other water interest, however designated, described in or used in conjunction with the real property described above; any assignment of any such interest during the term of this mortgage, naming Mortgagee as an assignee shall be for security purposes and shall not alter Mortgagors' obligations hereunder; and any failure of Mortgagors to perform any such obligation shall constitute an event of default.
10. That the term "Grazing Rights," as hereinafter used refers to that portion of the Property, if any, consisting of grazing leases, permits, licenses, privileges, and preferences, or any of them, which have or will be assigned, mortgaged or waived to Mortgagee, together with any additions, renewals, replacements or substitutions thereof; if any portion of the Grazing Rights is a leasehold interest in state lands, such leasehold shall be considered to be real property; such leasehold and all other real property portions of the Property constitute a single operating unit; and in the event of foreclosure, Mortgagee shall have the right to have such leasehold and the other real property sold as a unit and not in parcels; any statements and representations in any applications for Grazing Rights are true and correct; Mortgagors have received no notice that the Grazing Rights have or are to be terminated, cancelled or modified; and any termination or cancellation of any of the Grazing Rights shall constitute an event of default under this mortgage.
11. To execute any instrument deemed necessary by the Mortgagee to assign, mortgage or waive such Grazing Rights to the Mortgagee; to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing the Grazing Rights; to take no action which would adversely affect the Grazing Rights; to procure renewals of the Grazing Rights upon or prior to their expiration date; to operate the lands covered by the Grazing Rights in conjunction with the other real estate portion of the Property and not to convey or attempt to convey either separately; to forward to Mortgagee copies of any notices received by Mortgagors regarding the Grazing Rights; and in the event of foreclosure of this mortgage, to waive all claims for preference in the Grazing Rights upon demand from the purchaser of the Property at foreclosure sale, or from any successor to such purchaser.
12. That if the Property is within an irrigation block and/or subject to water service contract(s) governed by the provisions of "Federal reclamation law," and the regulations issued thereunder, Mortgagors shall comply with the terms and provisions of said laws, regulations and contracts; Mortgagors, and each of them, for themselves, their heirs, successors and assigns, hereby appoint Mortgagee their attorney-in-fact to select and designate the portion of the Property to be subject to a recordable contract, in the event Mortgagors become subject to the excess land limitation; if Mortgagors fail to comply with the terms of said law, regulations or contracts, or if the delivery of water for the irrigation of the Property is discontinued in whole or in part, Mortgagors shall be in default; in the event the Bureau of Reclamation determines that continued drainage maintenance on the Property is no longer feasible, and Mortgagors purchase other lands offered as a preference purchase right (as an adjustment for wetlands), Mortgagors shall execute a supplemental mortgage on such lands in favor of the Mortgagee; and failure to execute such mortgage on demand, shall constitute an event of default.
13. That in the event of default in any of the covenants or agreements herein, or in any of the Loan Documents, Mortgagee may, at its option perform the same, in whole or in part; any advances, including, without limitation, attorney fees or costs, paid or incurred by Mortgagee to protect or enforce its rights under the Loan Documents, in bankruptcy, appellate proceedings or otherwise, shall be payable on demand and shall become a part of the indebtedness secured by this mortgage.
14. That the indebtedness and obligations secured by this mortgage are personal to the Mortgagors and are not assignable by Mortgagors; Mortgagee relied upon the credit of Mortgagors, the interest of Mortgagors in the Property and the financial market conditions then existing when making this loan; if Mortgagors sell, transfer or convey or contract to sell, transfer or convey the Property, or any portion thereof, or if the ownership of any corporation or partnership, owning all or any portion of the Property shall be changed either by voluntary or involuntary sale or transfer or by operation of law, without prior written consent of Mortgagee, or if Mortgagors default in the payment of the indebtedness, or with respect to any warranty, covenant or agreement in the Loan Documents or if a receiver or trustee for any part of the Property is appointed, or if any proceedings under the bankruptcy or insolvency laws is commenced by or against Mortgagors, or if Mortgagors become insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Mortgagors shall be in default hereunder.
15. That time is of the essence and in the event of default, at Mortgagee's option, the entire indebtedness secured hereby shall forthwith become due and payable and bear interest at the rate set forth in the Loan Documents for delinquent payments; Mortgagee shall have the right to foreclose the lien of this mortgage, to have a receiver appointed in any court proceeding; to collect any rents, issues and profits from the Property and apply them against the indebtedness hereby secured and to exercise any rights and remedies available under the Uniform

Commercial Code for the state in which the property is located; and reasonable notice if required by such Code shall be five (5) days.

16. That the failure of Mortgagee to exercise any right or option provided herein, at any time shall not preclude Mortgagee from exercising any of such rights at any other time; the covenants and agreements contained herein shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; all rights conferred on Mortgagee are cumulative and additional to any rights conferred by law; and if any provision is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and the mortgage shall be construed as though such provision had been omitted.
17. That Mortgagors and each of them join in this instrument for the purpose of subjecting each of their right, title and interest, if any, in the Property, whether of record or otherwise and including any right to possession, to the lien of this mortgage.

Lake Cascade Airport, LLC

By: [Signature]
David A. Buich, a member

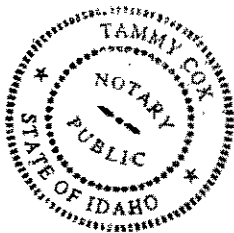
By: [Signature]
Karen L. Buich, a member

By: [Signature]
Donald E. Miller, a member

By: [Signature]
Candace W. Miller, a member

STATE OF IDAHO
County of ADA)ss.

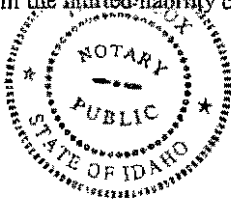
On this 28th day of May, 2008, before me personally appeared David A. Buich, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



[Signature]
Printed name Tammy Cox
Notary Public for the State of Idaho
Residing at Boise
My commission expires 10/15/08

STATE OF Idaho)
 County of BON) ss.

On this 28 day of MAY, 2008, before me personally appeared Karen L. Burch, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



James G. Cox
 Printed name James G. Cox
 Notary Public for the State of Idaho
 Residing at Bon
 My commission expires 10/15/08

STATE OF IDAHO)
 County of ADA) ss.

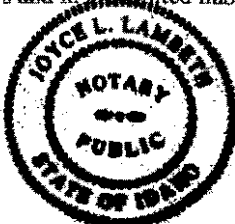
On this 28 day of MAY, 2008, before me personally appeared Donald E. Miller, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



James G. Cox
 Printed name James G. Cox
 Notary Public for the State of Idaho
 Residing at Bon
 My commission expires 10/15/08

STATE OF IDAHO)
 County of ADA) ss.

On this 29 day of MAY, 2008, before me personally appeared Candace W. Miller, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



Joyce L. Lambeth
 Printed name Joyce L. Lambeth
 Notary Public for the State of IDAHO
 Residing at Mountain Home Idaho
 My commission expires 11-10-2012

Mortgagee acknowledges that this mortgage is subject to a security interest in favor of CoBank, ACB (Bank) and by its acceptance hereof and pursuant to and in confirmation of certain agreements and assignments by and between Mortgagee and Bank, does assign, transfer and set over the same unto Bank, its successors and assigns, to secure all obligations of Mortgagee to Bank, provided that pursuant to such agreements and assignments Mortgagee has authority to perform all loan servicing and collection actions and activities hereunder, including, without limitation thereto, releasing in whole or in part and foreclosing judicially or otherwise this mortgage until the Bank, by instrument recorded in the office in which this mortgage is recorded, revokes such authority.

Ag Equity Line of Credit Note and Loan Agreement

Customer/Note No: 56578 - 442

Date: May 27, 2008

FOR VALUE RECEIVED, the undersigned ("Borrower") as principals, jointly and severally promise to pay to NORTHWEST FARM CREDIT SERVICES, FLCA ("Lender"), at its office in Spokane, Washington, or order, the principal sum of FIVE HUNDRED THOUSAND Dollars (\$500,000.00), plus interest on the Adjusted Principal Balance from and after the later of the date of this Note and Loan Agreement ("Note") or the date of disbursement, at an initial interest rate of 5.45 percent per annum which rate may be changed as provided for hereafter. The Installment Period is a twelve month period. The amount of investment in Stock or Participation Certificates shall be in the amount required by the Board of Directors from time to time. The interest rate in effect under this Note on any date, including interest at the default interest rate, if applicable, is the "Current Interest Rate."

Interest Payments: All accrued and unpaid interest on the Adjusted Principal Balance shall be paid in consecutive installments commencing on May 1, 2009 and continuing on the first day of each installment period thereafter. The unpaid principal balance, unpaid interest thereon and other amounts due under this Note shall be paid in full on May 1, 2018.

Variable Rate: This is a variable rate loan. Lender's variable rate program provides for charging differential interest rates based upon Rate Classification. Rate Classifications are determined by credit and product criteria adopted by Lender from time to time. Lender may increase or decrease the interest rate for any and all Rate Classifications and or change the Rate Classification at any time in its sole discretion. The effective date of each change in the Rate Classification applicable to this loan shall be determined by Lender in its sole discretion. The effective date of each change in the Rate Classification applicable to this loan after the date of this Note is referred to as an "Interest Change Date." Borrower shall pay interest on the Adjusted Principal Balance on and after each Interest Change Date, until the next Interest Change Date, at the per annum interest rate equal to the sum of the interest rate applicable to the Rate Classification and the adjustment factor, if any, for this loan. The sum of the initial Rate Classification and adjustment factor, if any, for this loan is AAA plus 0.00 percent.

The Adjusted Principal Balance on any date is the unpaid principal balance on such date minus the principal portion of any installment payment(s) which are due on or before such date and are unpaid on such date. Any payment under this Note, except a Prepayment Fee, may be applied as of the date of receipt first to accounts receivable, default interest, other amounts then due, and any remainder to the loan balance. Subject to the preceding sentence, Borrower may at any time, pay any amount of principal in advance of its maturity, subject to any fees provided herein. Unless Lender otherwise elects, any such payment shall reduce the balance owing and discharge the indebtedness at an earlier date, but shall not alter the obligation to pay full installments as provided until the indebtedness is paid in full.

Revolving Commitment: So long as there is no Event of Default, Borrower may borrow, repay and reborrow up to the total commitment amount at any time prior to the loan maturity date. The Borrower may also elect to amortize the loan as provided for herein. Upon such amortization, the loan ceases to revolve and the unadvanced commitment expires.

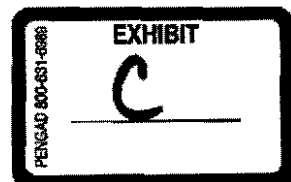
Election to Amortize the Loan: Upon ten (10) days irrevocable notice to Lender, and so long as there is no Event of Default, Borrower may elect to amortize the Adjusted Principal Balance of the loan in equal principal and interest payments over the remaining loan term. Such payments shall be due and payable on the first day of each year, commencing on the first day of the year following the conversion date and continuing on the first day of each year thereafter until the loan is paid in full. Provided, however, so long as there is no Event of Default, on a date that a change in the interest rate occurs, Lender will reamortize the Adjusted Principal Balance of the loan through the loan maturity date.

Application of Payments: So long as there is no Event of Default: (a) payments received prior to any amortization of the loan shall be applied as of the date of receipt first to fees and reimbursable expenses, second to default interest, third to billed and unpaid interest, and fourth to the principal balance of the loan; and (b) following an amortization of the loan, payments received shall be applied as of the date of receipt first to fees and reimbursable expenses, second to default interest, third to billed interest, fourth to billed principal, fifth to unpaid principal and any remainder to accrued and unpaid interest.

Events of Default: Time is of the essence in the performance of this Note. The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Note:

- a. Borrower fails to make any payment of principal, interest or other costs, fees or expenses when due and payable or to perform any obligation or covenant as and when required under the Loan Documents for the loan or any other note, loan or contract Borrower may have with Lender;
- b. Any financial statement, representation, warranty or certificate made or furnished by Borrower to Lender in connection with the loan, or as an inducement to Lender to enter into the loan is materially false, incorrect, or incomplete when made;
- c. Borrower shall fail generally to pay its debts as such debts become due, or becomes insolvent or becomes the subject of an insolvency proceeding;
- d. There shall occur an Event of Default in the Guaranty for the loan or any Guarantor shall revoke, repudiate or terminate such Guaranty.

Acceleration: In the event of any uncured Event of Default beyond any applicable cure periods provided for in the Loan Documents, at Lender's option, without notice or demand, the unpaid principal balance of the loan, plus all accrued and unpaid interest thereon and all other amounts due shall immediately become due and payable.



Default Interest Rate: The Default Interest Rate applicable to a delinquent payment shall equal four percent per annum above the interest rate in effect for the loan at the time such payment was due, which rate shall accrue on the total amount of the payment due until paid, accelerated or upon maturity. Provided however, upon acceleration and or maturity, the Default Interest Rate shall be equal to and remain at four percent per annum above the interest rate in effect at the time of acceleration or maturity and shall accrue on the entire unpaid balance of the loan until paid in full.

Application of Payments Following Default: Notwithstanding anything to the contrary hereunder or in the Loan Documents, in the Event of Default, Lender shall have the right to apply payments made by or on the account of Borrower and any funds held in any Future Payment Fund Account for the loan or any other loan owed to Lender by Borrower as Lender may determine in its sole discretion at any time.

Advances, Fees and Costs: All sums advanced by Lender to protect its interests hereunder or under the Loan Documents shall be payable on demand and shall become a part of the unpaid principal balance evidenced by this Note. Borrower shall pay Lender on demand all attorney fees and costs incurred to protect or enforce any of Lender's rights in bankruptcy, appellate proceedings, or otherwise, under this Note or the Loan Documents. Lender may charge interest on advances, fees and costs at the Current Interest Rate from the date such advances, fees and costs are advanced or paid by Lender.

General Provisions: Borrower agrees to this Note as of the date first-above written. The Loan Documents shall include the Note, the Membership Agreement, security documents, and all documents and instruments of any kind executed by Borrower in connection with this Note and any amendments thereto. Borrower waives presentment for payment, demand, notice of nonpayment, protest, and notice of protest, diligence in enforcing payment of this Note, and all other defenses. This Note and the Loan Documents constitute the entire agreement between Borrower and Lender and supersede all prior oral negotiations and promises which are merged into such writings. Upon written agreement of the parties, the interest rate, payment terms or balance due under this Note may be indexed, adjusted, renewed or renegotiated. Borrower agrees that Lender may at any time, without notice, release all or any part of the security for this Note, including any real estate and/or personal property covered by the Loan Documents; grant one or more extensions, deferments, renewals or reamortizations of any part of the loan evidenced by this Note over any period of time; and release from personal liability any one or more of the parties who are or may become liable for the loan evidenced by this Note without affecting the personal liability of any other party. Lender may exercise any and all rights and remedies available at law or in equity or provided herein or in the Loan Documents. Any delay or omission by Lender in exercising a right or remedy shall not waive that or any other right or remedy. No waiver of default by Lender shall operate as a waiver of the same or any other default on a future occasion. Each Borrower shall provide annually, within 90 days of the end of Borrower's fiscal year, in a form prescribed by or acceptable to Lender, a current balance sheet and income and expense statement that have been certified as true and correct. Borrower agrees to take any action requested by Lender to perfect or continue the lien and priority of the Loan Documents, including but not limited to, any action requested by any governmental agency.

WAIVER OF JURY TRIAL. BORROWER AND LENDER HEREBY IRREVOCABLY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS LOAN DOCUMENT OR ANY OTHER LOAN DOCUMENTS AND ANY FUTURE MODIFICATIONS, AMENDMENTS, EXTENSIONS, RESTATEMENTS AND SERVICING ACTIONS RELATING TO THIS LOAN DOCUMENT AND ANY OTHER LOAN DOCUMENTS. THE PARTIES INTEND THAT THIS JURY WAIVER WILL BE ENFORCED TO THE MAXIMUM EXTENT ALLOWED BY LAW.

Security: This Note is secured by a security interest in property as described by the Membership Agreement and the following Loan Documents:

Mortgage

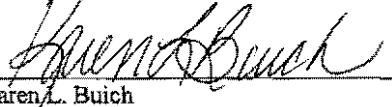
Special Terms and Conditions: This loan is subject to the terms and conditions of this Note and the Loan Documents, including, but not limited to, any Loan Documents or loan conditions which may be referenced below:

Borrower agrees to provide evidence, satisfactory to Lender, prior to loan disbursement, of 330 M.I. assessed from Center Irrigation District and evidence that any assessments are current.

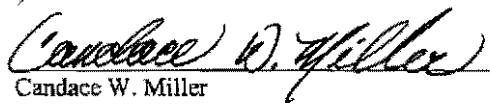
If Lender makes Credit Line Drafts ("drafts") available to Borrower as one means of advancing loan proceeds for this loan then Borrower understands and agrees to the following conditions. Borrower agrees that Borrower will only write drafts prior to the maturity date of this Note within the loan commitment amount for an approved loan purpose and so long as there is no default under the Loan Documents or that there is no event that Borrower knows of that will ripen into an event of default. Borrower understands and agrees that any draft written prior to the loan maturity date, including but not limited to those drafts tendered for payment after the loan maturity date, will be considered to be an advance under the Note and Loan Documents and will be fully due and payable under the terms and conditions of the Note and Loan Documents. Lender will honor drafts signed by any one or more Borrowers under the terms and conditions described herein unless Lender is notified otherwise as to signatory authority in a writing signed by all Borrowers. Lender may refuse payment on all drafts that do not meet the terms and conditions concerning drafts contained herein or in the Loan Documents. Provided, however, notwithstanding anything to the contrary herein or in the Loan Documents, in the event of any default or in the event of any material adverse change in the Borrower's operations or the financial condition of Borrower, as Lender may determine, Lender may upon prior written notice to Borrower, terminate any right of Borrower to use drafts on this loan and refuse payment of all drafts. Lender also retains the right to make changes to the procedures governing the use of drafts at any time.

Under Idaho Law, a promise or commitment to lend money or to grant or extend credit in an original principal amount of fifty thousand dollars (\$50,000) or more, made by a person or entity engaged in the business of lending money or extending credit is invalid unless the same or some note or memorandum thereof is in writing and signed by the party liable, or by her/his agent.


David A. Buich


Karen L. Buich


Donald E. Miller


Candace W. Miller

Lake Cascade Airport, LLC

By: 

David A. Buich, a member

By: 

Karen L. Buich, a member

By: 

Donald E. Miller, a member

By: 

Candace W. Miller, a member

Pay to the Order of CoBank, ACB.

THE FOLLOWING INFORMATION IS FOR DISCLOSURE PURPOSES ONLY, FOR LOANS NOT SUBJECT TO TRUTH IN LENDING.

These disclosures are made pursuant to the Farm Credit Act of 1971, as amended. This Loan is not subject to the Truth in Lending Act and the effective interest rate should not be interpreted as the equivalent of the annual percentage rate under Truth in Lending standards. The effective interest calculations assume disbursement of \$500,000.00 on May 23, 2008 with a \$5,000.00 Loan fee. **STATED INTEREST RATE:** The rate of interest currently applicable to your Loan is 5.45 percent. **EFFECTIVE INTEREST RATE:** The stated rate of interest adjusted to take into account the Loan origination charges is 5.58 percent. In the event you were required to purchase Stock or Participation Certificates in conjunction with this Loan, the stated rate of interest adjusted to take into account the Stock or Participation Certificate investment and Loan origination charges is 5.58 percent. The effective interest rate calculations do not assume Stock or Participation Certificate retirement at Loan maturity. Stock or Participation Certificate retirement is dependent upon Northwest Farm Credit Services, ACA meeting capital adequacy requirements and the adoption of policy by the Board of Directors permitting Stock or Participation Certificate retirement. Capital equities purchased in Northwest Farm Credit Services, ACA are at risk.

This is a **VARIABLE RATE LOAN** -- The Stated Interest Rate is subject to change at any time and in any amount. In adjusting the variable interest rate, certain financial factors, including, but not limited to, the cost of funds, provisions for loan losses, rate of stock required, operating expenses, earning requirements, and competitive aspects of the financial environment are considered. These factors may change during the life of your loan. Should the change be due to factors other than the standard adjustment factors listed above, you will be advised of the special factors causing the change. You will be notified of any interest rate change as may be required under the Farm Credit Act and regulations.

See your Loan Documents for further information on your loan terms and conditions.

Instrument 331954
 VALLEY CO. CASCADE, IDAHO
 5-25-2008 11:52:52 No. of Pages: 5
 Recorded for: AMERITITLE
 ARCHIE N. BANBURY Fee: 15.00
 Ex-Officio Recorder Deputy *Judy Eguen*
 Index to: MORTGAGE

IC12887

Customer/Note No: 56578 - 442

After Recording Return to:

Farm Credit Services - Ontario
 378 West Idaho Avenue
 PO Box 279
 Ontario, OR 97914

Ag Equity Line of Credit Mortgage

On May 27, 2008, Lake Cascade Airpark, LLC, a limited liability company, hereinafter called Mortgagors, whose address is

291 E Shore Drive, Suite 200
 Eagle, ID 83616

grant, convey, warrant, transfer and assign to Northwest Farm Credit Services, FLCA, a corporation organized under the Farm Credit Act of 1971, as amended, hereinafter called Mortgagee, whose address is 1700 South Assembly Street, P.O. Box 2515, Spokane, Washington 99220-2515, a mortgage and security interest in property in Valley County(ies), State of Idaho, more particularly described as follows:

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE1/4NE1/4; S1/2NE1/4; NE1/4SE1/4; N1/2NW1/4SE1/4; SE1/4NW1/4SE1/4; SE1/4SE1/4;
 N1/2NE1/4SW1/4; SE1/4NW1/4; AND NW1/4NE1/4;

AND

That portion of the following described land lying within the S1/2NE1/4SW1/4;

Being a strip of land 100.00 feet wide situate in the NE1/4SW1/4 of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (Predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of judgments at page 105 in Boise County Records

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the E1/2 of the SW1/4 of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South 1/4 corner thereof; thence northerly along a tangent to a point in the North line of said South 1/2 48 feet West from the center of said Section 10.

Excepting therefrom any portion of the above-described strip of land lying within the S1/2 of the S1/2 of said Section 10.

Parcel 2:

Beginning at the center of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho; Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING;

and including all rents, issues, profits, buildings and improvements thereon and in all tenements, hereditaments, rights, privileges, easements, rights of way and appurtenances, (including without limitation private roads, grazing privileges, water rights, ditches and conduits and rights of way therefor, all plumbing, lighting, heating, cooling,



ventilating, elevating, and irrigating apparatus and other equipment and fixtures, now or hereafter belonging to or used in connection therewith), all of which is hereinafter called the "Property."

The following described Note(s), Membership Agreements, security documents and any other documents or instruments signed in connection with the Note(s) and security documents and any amendments thereto are collectively called the "Loan Documents." "Advances" shall include any amounts provided to Mortgagor under the terms of the Loan Documents and any amounts expended by Mortgagee to protect the Property or enforce its rights under the Loan Documents. This conveyance is intended to secure performance of the covenants and agreements contained herein, and in any Loan Documents, and payment of the indebtedness under the terms of the Note(s) made by Mortgagors to the order of Mortgagee, with interest and charges as provided therein and in the Loan Documents, and any extensions, modifications or renewals thereof.

DATE OF NOTE	PRINCIPAL AMOUNT	FINAL INSTALLMENT DATE
May 27, 2008	\$500,000.00	May 1, 2018

In addition, this Mortgage is intended to secure any other loans and advances made by Mortgagee to Mortgagor, no matter how evidenced. The continuing validity and priority of this Mortgage for future loans and advances shall not be impaired by the fact that at certain times no outstanding indebtedness to Mortgagee nor commitment from Mortgagee to make future loans exist.

The terms of the Note(s) and Loan Documents, described above, provide that the interest rate, payment terms or amounts due may be indexed, adjusted, renewed or renegotiated.

Mortgagors and each of them REPRESENT, WARRANT, COVENANT and AGREE:

1. That they have title to the Property free from encumbrances, except as described above, they have good right and lawful authority to convey and encumber the same; they will warrant and defend the same forever against the lawful claims and demands of all persons whomsoever; and they agree this covenant shall not be extinguished by foreclosure or other transfers. Mortgagor authorizes Mortgagee to file a financing statement and any continuations thereof, describing any personal property or fixtures described herein, without further signature by Mortgagor.
2. To keep all buildings and other improvements, now or hereafter existing, in good repair, nor to remove or demolish or permit the removal or demolition of any building or other improvement; to restore promptly in a good and workmanlike manner, any building or improvement, which may be damaged or destroyed; to maintain and cultivate the Property in a good and husbandlike manner, using approved methods for preserving the fertility and productivity thereof; not to change or permit change in the use of the Property; and not to do anything which would reduce the value of the Property.
3. To maintain casualty insurance, naming Mortgagee as loss payee, on all buildings and improvements, against loss or damage by fire or other risks; to maintain liability insurance; to obtain flood insurance at any time it is determined that any building or improvement is located in whole or in part within a special flood hazard area; to pay all premiums and charges on all such insurance when due; and to provide Mortgagee satisfactory evidence of such insurance upon request. All such insurance shall be in such form(s), with such company(ies) and in such amount(s) as shall be satisfactory to Mortgagee.
4. Not to apply or enter into any federal, state, local or other program, license, easement, or other agreement which limits or restricts the use of the Property, in any way, without prior written consent of Mortgagee.
5. To pay all debts and money, secured hereby, when due; to pay, when due, all taxes, assessments, rents and other charges upon the Property and to suffer no other encumbrance, charge or lien on the Property, which would be superior to this mortgage, except as stated above.
6. To specifically assign and deliver to Mortgagee all rents, royalties, damages and payments of every kind, including without limitation insurance reimbursements and condemnation awards, at any time accruing, for any transfer, loss or seizure of the Property, any portion thereof or any rights therein; and Mortgagee may, at its option, apply such amounts in any proportion to any of the indebtedness hereby secured; and Mortgagee shall have the right to enter upon the Property to make full inspection of the Property.
7. To comply with all laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property and its use, including without limitation all environmental laws; not to use or permit the use of the Property for any unlawful or objectionable purpose or for any purpose that poses an unreasonable risk of harm, or that impairs or may impair the value of the Property, or any part thereof; not to apply residue from waste water treatment facilities to the Property without prior written notice to Mortgagee; to remedy any environmental contamination or violation of environmental laws that may occur or be discovered in the future; to allow Mortgagee access to the Property to inspect its condition and to test and monitor for compliance with applicable laws (any inspections or tests made by Mortgagee shall be for Mortgagee's purposes only and shall not be construed to create any responsibility or liability on the part of Mortgagee to Mortgagors or to any other person), to forward copies of any notices received from any environmental agencies to Mortgagee; to provide Mortgagee copies of any independent test or inspection reports on the environmental status of the Property; and to indemnify and hold Mortgagee, its directors, employees, agents and its successors and assigns, harmless from and against any

environmental claims of any kind, and all costs and expenses incurred in connection therewith, including, without limitation, attorney's fees.

8. That neither Mortgagors nor, to the best of the Mortgagor's knowledge, any prior owner has created or permitted conditions on the Property, which may give rise to environmental liability; no enforcement actions are pending or threatened; no underground tanks are located on the Property except as already disclosed; any such underground tanks currently or previously located on the Property do not now and never have leaked and no contaminated soil is located on the Property; and Mortgagor's representations, warranties, covenants and indemnities herein and in the Loan Documents shall survive satisfaction of the Note(s) and Loan Documents, foreclosure of this mortgage, acceptance of a deed in lieu of foreclosure or any transfer or abandonment of the Property.
9. To perform all terms and conditions of each water or other contract, described above, if any, and to promptly pay all sums due or to become due under each contract so that no delinquency or default will occur under such contract(s); to perform all acts necessary to perfect and maintain any water permit, certificate, license or other water interest, however designated, described in or used in conjunction with the real property described above; any assignment of any such interest during the term of this mortgage, naming Mortgagee as an assignee shall be for security purposes and shall not alter Mortgagors' obligations hereunder; and any failure of Mortgagors to perform any such obligation shall constitute an event of default.
10. That the term "Grazing Rights," as hereinafter used refers to that portion of the Property, if any, consisting of grazing leases, permits, licenses, privileges, and preferences, or any of them, which have or will be assigned, mortgaged or waived to Mortgagee, together with any additions, renewals, replacements or substitutions thereof; if any portion of the Grazing Rights is a leasehold interest in state lands, such leasehold shall be considered to be real property; such leasehold and all other real property portions of the Property constitute a single operating unit; and in the event of foreclosure, Mortgagee shall have the right to have such leasehold and the other real property sold as a unit and not in parcels; any statements and representations in any applications for Grazing Rights are true and correct; Mortgagors have received no notice that the Grazing Rights have or are to be terminated, cancelled or modified; and any termination or cancellation of any of the Grazing Rights shall constitute an event of default under this mortgage.
11. To execute any instrument deemed necessary by the Mortgagee to assign, mortgage or waive such Grazing Rights to the Mortgagee; to pay all fees and charges, and to perform all acts and things necessary to preserve and keep in good standing the Grazing Rights; to take no action which would adversely affect the Grazing Rights; to procure renewals of the Grazing Rights upon or prior to their expiration date; to operate the lands covered by the Grazing Rights in conjunction with the other real estate portion of the Property and not to convey or attempt to convey either separately; to forward to Mortgagee copies of any notices received by Mortgagors regarding the Grazing Rights; and in the event of foreclosure of this mortgage, to waive all claims for preference in the Grazing Rights upon demand from the purchaser of the Property at foreclosure sale, or from any successor to such purchaser.
12. That if the Property is within an irrigation block and/or subject to water service contract(s) governed by the provisions of "Federal reclamation law," and the regulations issued thereunder, Mortgagors shall comply with the terms and provisions of said laws, regulations and contracts; Mortgagors, and each of them, for themselves, their heirs, successors and assigns, hereby appoint Mortgagee their attorney-in-fact to select and designate the portion of the Property to be subject to a recordable contract, in the event Mortgagors become subject to the excess land limitation; if Mortgagors fail to comply with the terms of said law, regulations or contracts, or if the delivery of water for the irrigation of the Property is discontinued in whole or in part, Mortgagors shall be in default; in the event the Bureau of Reclamation determines that continued drainage maintenance on the Property is no longer feasible, and Mortgagors purchase other lands offered as a preference purchase right (as an adjustment for wetlands), Mortgagors shall execute a supplemental mortgage on such lands in favor of the Mortgagee; and failure to execute such mortgage on demand, shall constitute an event of default.
13. That in the event of default in any of the covenants or agreements herein, or in any of the Loan Documents, Mortgagee may, at its option perform the same, in whole or in part; any advances, including, without limitation, attorney fees or costs, paid or incurred by Mortgagee to protect or enforce its rights under the Loan Documents, in bankruptcy, appellate proceedings or otherwise, shall be payable on demand and shall become a part of the indebtedness secured by this mortgage.
14. That the indebtedness and obligations secured by this mortgage are personal to the Mortgagors and are not assignable by Mortgagors; Mortgagee relied upon the credit of Mortgagors, the interest of Mortgagors in the Property and the financial market conditions then existing when making this loan; if Mortgagors sell, transfer or convey or contract to sell, transfer or convey the Property, or any portion thereof, or if the ownership of any corporation or partnership, owning all or any portion of the Property shall be changed either by voluntary or involuntary sale or transfer or by operation of law, without prior written consent of Mortgagee, or if Mortgagors default in the payment of the indebtedness, or with respect to any warranty, covenant or agreement in the Loan Documents or if a receiver or trustee for any part of the Property is appointed, or if any proceedings under the bankruptcy or insolvency laws is commenced by or against Mortgagors, or if Mortgagors become insolvent, or if any action is commenced to foreclose or enforce a lien on any portion of the Property, then, Mortgagors shall be in default hereunder.
15. That time is of the essence and in the event of default, at Mortgagee's option, the entire indebtedness secured hereby shall forthwith become due and payable and bear interest at the rate set forth in the Loan Documents for delinquent payments; Mortgagee shall have the right to foreclose the lien of this mortgage, to have a receiver

appointed in any court proceeding; to collect any rents, issues and profits from the Property and apply them against the indebtedness hereby secured and to exercise any rights and remedies available under the Uniform Commercial Code for the state in which the property is located; and reasonable notice if required by such Code shall be five (5) days.

16. That the failure of Mortgagee to exercise any right or option provided herein, at any time shall not preclude Mortgagee from exercising any of such rights at any other time; the covenants and agreements contained herein shall be binding on and inure to the benefit of the parties and their respective heirs, successors and assigns; all rights conferred on Mortgagee are cumulative and additional to any rights conferred by law; and if any provision is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof and the mortgage shall be construed as though such provision had been omitted.
17. That Mortgagors and each of them join in this instrument for the purpose of subjecting each of their right, title and interest, if any, in the Property, whether of record or otherwise and including any right to possession, to the lien of this mortgage.

Lake Cascade Airport, LLC

By: [Signature]
David A. Buich, a member

By: [Signature]
Karen L. Buich, a member

By: [Signature]
Donald E. Miller, a member

By: [Signature]
Candace W. Miller, a member

STATE OF Idaho)
County of ADA) ss.

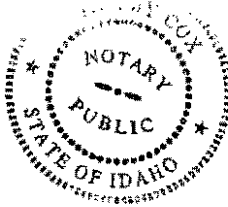
On this 28th day of May, 2008, before me personally appeared David A. Buich, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



[Signature]
Printed name Amy Cox
Notary Public for the State of Idaho
Residing at [Signature]
My commission expires 10/15/08

STATE OF Idaho)
County of ADA)ss.

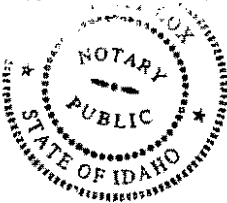
On this 28 day of May, 2008, before me personally appeared Karen L. Buich, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



Printed name Jenny Cox
Notary Public for the State of Idaho
Residing at Bona
My commission expires 10/15/08

STATE OF Idaho)
County of ADA)ss.

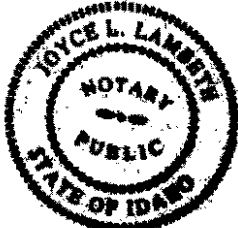
On this 28 day of May, 2008, before me personally appeared Donald E. Miller, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



Printed name Jenny Cox
Notary Public for the State of Idaho
Residing at Bona
My commission expires 10/15/08

STATE OF IDAHO)
County of ADA)ss.

On this 29 day of MAY, 2008, before me personally appeared Candace W. Miller, to me known to be a member in the limited liability company which executed the within instrument, and acknowledged that he/she executed the same as one of the members and in the limited liability company name freely and voluntarily.



Printed name Joyce L. Lambeth
Notary Public for the State of IDAHO
Residing at Mountain Home, Idaho
My commission expires 11-10-2012

Mortgagee acknowledges that this mortgage is subject to a security interest in favor of CoBank, ACB (Bank) and by its acceptance hereof and pursuant to and in confirmation of certain agreements and assignments by and between Mortgagee and Bank, does assign, transfer and set over the same unto Bank, its successors and assigns, to secure all obligations of Mortgagee to Bank, provided that pursuant to such agreements and assignments Mortgagee has authority to perform all loan servicing and collection actions and activities hereunder, including, without limitation thereto, releasing in whole or in part and foreclosing judicially or otherwise this mortgage until the Bank, by instrument recorded in the office in which this mortgage is recorded, revokes such authority.

Bradley J. Dixon, ISB No. 6167
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 Allison M. Blackman, ISB No. 8686
 E-mail: *amblackman@stoel.com*
 STOEL RIVES LLP
 101 S Capitol Boulevard, Suite 1900
 Boise, ID 83702
 Telephone: (208) 389-9000
 Facsimile: (208) 389-9040

Attorneys for Defendants Lake Cascade Airpark, LLC
 and Donald and Candace Miller

ARCHIE N. BANBURY, CLERK
 By *[Signature]* Deputy
MAR 26 2012
 Case No. _____ Inst. No. _____
 Filed _____ A.M. *12:47* P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff,

v.

LAKE CASCADE AIRPARK, LLC an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants.

Case No. CV 2012-33C

**ANSWER TO COMPLAINT TO
 FORECLOSE REAL ESTATE
 MORTGAGES**

Filing Category: I.1

Filing Fee: \$58.00

COME NOW Defendants LAKE CASCADE AIRPARK, LLC ("Lake Cascade Airpark")
 and DONALD AND CANDACE MILLER ("Millers") (collectively hereinafter referred to as
 "Defendants"), by and through their undersigned counsel, and respond to the allegations
 contained within plaintiff Northwest Farm Credit Services, FLCA's ("Plaintiff") Complaint to

ANSWER TO COMPLAINT TO FORECLOSE REAL ESTATE MORTGAGES - 1

Foreclose Real Estate Mortgages (the “Complaint”) as follows. In so responding, Defendants deny each and every allegation not explicitly admitted below:

1. In response to Paragraph 1 of Plaintiff’s Complaint, Defendants state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.
2. In response to Paragraph 2 of Plaintiff’s Complaint, Defendants admit the allegations contained therein.
3. In response to Paragraph 3 of Plaintiff’s Complaint, Defendants state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.

COUNT ONE

4. In response to Paragraphs 4, 5 and 6 of Plaintiff’s Complaint, Defendants state that the terms and conditions of the alleged written agreements between the parties speak for themselves and, as such, said paragraphs require no response.
5. In response to Paragraph 7 of Plaintiff’s Complaint, Defendants state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.
6. In response to Paragraphs 8, 9 and 10 of Plaintiff’s Complaint, Defendants deny the allegations contained therein.
7. In response to Paragraph 11 of Plaintiff’s Complaint, Defendants state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.

COUNT TWO

8. In response to Paragraphs 12, 13 and 14 of Plaintiff's Complaint, Defendants state that the terms and conditions of the alleged written agreements between the parties speak for themselves and, as such, said paragraphs require no response.
9. In response to Paragraph 15 of Plaintiff's Complaint, Defendants state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.
10. In response to Paragraph 16, 17 and 18 of Plaintiff's Complaint, Defendants deny the allegations contained therein.
11. In response to Paragraph 19 of Plaintiff's Complaint, Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations and therefore deny the allegations alleged therein.

AFFIRMATIVE DEFENSES

By way of further answer and affirmative defenses, Defendants allege as follows:

FIRST AFFIRMATIVE DEFENSE

12. Defendants allege that Plaintiff has failed to state a claim upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

13. Defendants allege that Plaintiff has waived its claim.

THIRD AFFIRMATIVE DEFENSE

14. Defendants allege that Plaintiff has failed to mitigate its alleged damages.

FOURTH AFFIRMATIVE DEFENSE

15. Defendants allege that Plaintiff's claims or purported causes of action against Defendants are barred by the doctrine of estoppel and laches as a result of Plaintiff's statements, conduct, acts and omissions with respect to the matters alleged in the Complaint.

FIFTH AFFIRMATIVE DEFENSE

16. Defendants allege that Plaintiff has not followed the procedures imposed by law in instituting its foreclosure action.

SIXTH AFFIRMATIVE DEFENSE

17. Defendants allege that each and every purported cause of action alleged in the Complaint therein fails to state facts sufficient to entitle Plaintiff to an award of attorneys' fees from Defendants.

SEVENTH AFFIRMATIVE DEFENSE

18. Defendants allege that by seeking a monetary judgment Plaintiff has waived its security interest in the real property at-issue in the Complaint.

SEVENTH AFFIRMATIVE DEFENSE

19. Defendants allege that it has not yet completed the investigation or discovery of all the facts and circumstances of the subject matter of this action, and accordingly reserves the right to amend, modify, revise or supplement this Answer, and to plead such further affirmative defense and to take such further action as Defendants may deem proper and necessary in defense of this action.

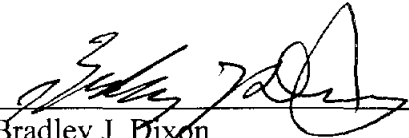
WHEREFORE, Defendants ask for judgment as follows:

a. Complaint be dismissed in their entirety, with prejudice, and the Plaintiff take nothing thereby.

b. Defendants be awarded judgment for all costs and attorneys' fees incurred herein, and such other and further relief that the Court deems proper.

DATED: March 23, 2012.

STOEL RIVES LLP



Bradley J. Dixon
Allison M. Blackman

Attorneys for Defendants Lake Cascade
Airpark, LLC and Donald and Candace
Miller

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ARCHIE N. BANBURY, CLERK
 By J. THOMPSON, Deputy

APR - 9 2012

Case No. _____ Inst. No. _____
 Filed _____ A.M. _____ P.M.

Attorney for David A. Buich and Karen L. Buich

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA, a federally
 chartered instrumentality of the
 United States of America,

Plaintiff,

vs.

LAKE CASCADE AIRPARK, LLC,
 an Idaho limited liability company;
 DONALD E. MILLER and
 CANDACE W. MILLER, husband
 and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and
 wife;

Defendants.

Case No. CV-2012-33-C

ANSWER TO COMPLAINT TO
 FORECLOSURE REAL ESTATE
 MORTGAGES

Filing Fee: I.I

Filing Fee: \$58.00

TO: PLAINTIFF ABOVE NAMED AND ITS COUNSEL OF RECORD:

COME NOW Defendants David A. Buich and Karen L. Buich, husband and wife
 ("Defendants Mr. and Mrs. Buich"), by and through their undersigned counsel, and respond to
 the allegations contained within Plaintiff Northwest Farm Credit Services, FLCA's ("Plaintiff")

Complaint to Foreclose Real Estate Mortgages (the "Complaint") as follows: In so responding, Defendants Mr. and Mrs. Buich deny each and every allegation not explicitly admitted below:

1. In response to paragraphs 1 and 3 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich admit the allegations contained therein.

2. In response to paragraph 2 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich admit the alleged status of the Defendants, but with respect to the instruments and the signatures thereof, because no such instruments were copied or incorporated into the Plaintiff's Complaint, the Defendants Mr. and Mrs. Buich state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.

COUNT ONE

3. In response to paragraphs 4, 5 and 6 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich state that the terms and conditions of the alleged written agreements between the parties speak for themselves and, as such, said paragraphs require no response.

4. In response to paragraph 7 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.

5. In response to paragraphs 8, 9 and 10 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich deny the allegations contained therein.

6. In response to paragraph 11 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.

COUNT TWO

7. In response to Paragraphs 12, 13 and 14 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich state that the terms and conditions of the alleged written agreements between the parties speak for themselves and, as such, said paragraphs require no response.

8. In response to paragraph 15 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich state that they are without sufficient knowledge or information to form a belief as to the truth or falsity of the allegations contained therein and, therefore, deny the same.

9. In response to paragraph 16, 17 and 18 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich deny the allegations contained therein.

10. In response to paragraph 19 of Plaintiff's Complaint, Defendants Mr. and Mrs. Buich are without knowledge or information sufficient to form a belief as to the truth of the allegations and therefore deny the allegations alleged therein.

AFFIRMATIVE DEFENSES

By way of further answer and affirmative defenses, Defendants Mr. and Mrs. Buich allege as follows:

FIRST AFFIRMATIVE DEFENSE

11. Defendants Mr. and Mrs. Buich allege that Plaintiff has failed to mitigate its alleged damages.

SECOND AFFIRMATIVE DEFENSE

12. Defendants Mr. and Mrs. Buich allege that by seeking a monetary judgment Plaintiff has waived its security interest in the real property at-issue in the Complaint.

THIRD AFFIRMATIVE DEFENSE

13. Defendants Mr. and Mrs. Buich allege that it has not yet completed the investigation or discovery of all the facts and circumstances of the subject matter of this action, and accordingly reserve the right to amend, modify, revise or supplement this Answer, and to plead such further affirmative defense and to take such further action as Defendants Mr. and Mrs. Buich may deem proper and necessary in defense of this action.

WHEREFORE, Defendants Mr. and Mrs. Buich ask for judgment as follows:

- a. That the Complaint be dismissed in its entirety, with prejudice, and the Plaintiff take nothing thereby; and
- b. That Defendants Mr. and Mrs. Buich be awarded judgment for all costs and attorneys' fees incurred herein; and
- c. For such other and further relief as the Court deems proper.

DATED this 5th day of April, 2012.

WILSON & McCOLL

By 
BRIAN J. McCOLL
Of the Firm

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 5th day of April 2012, a true and correct copy of the within and foregoing document was served upon:

Ron Kerl
Cooper & Larsen, Chartered
151 North Third Avenue, Second Floor
Pocatello, ID 83205-4229
Facsimile: 208-235-1182

_____ by U.S. mail
_____ by hand delivery
☒ by facsimile
_____ by overnight mail

David W. Green
Stoel Rives, LLP
900 SW 5th Ave, Ste. 2600
Portland, OR 97204
Facsimile: 503-220-2480

_____ by U.S. mail
_____ by hand delivery
☒ by facsimile
_____ by overnight mail

Bradley J. Dixon
Stoel Rives, LLP
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702
Facsimile: 208-389-9040

_____ by U.S. mail
_____ by hand delivery
☒ by facsimile
_____ by overnight mail



Brian F. McColl

ARCHIE N. BANDY, CLERK

By D. PERRY Deputy

AUG 27 2012

Case No. _____ Insd. No. _____
Filed _____ A.M. 12:07 P.M.

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 Allison M. Blackman, ISB No. 8686
 E-mail: amblackman@stoel.com
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 Boise, ID 83702
 Telephone: (208) 389-9000
 Facsimile: (208) 389-9040

Attorneys for Defendants Lake Cascade Airpark, LLC
 and Donald and Candace Miller

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff,

v.

LAKE CASCADE AIRPARK, LLC an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants.

Case No. CV 2012-33-C

~~PROPOSED~~ ORDER DENYING
 PLAINTIFF'S MOTION TO STRIKE
 PORTIONS OF AFFIDAVIT OF
 DONALD E. MILLER

JM

This matter having come before the Court on Plaintiff's Motion to Strike Portions of
 Affidavit of Donald E. Miller and the Court having heard oral argument on this matter on August
 16, 2012, and good cause therefore pursuant to Idaho Rule of Civil Procedure 56(e);

**[PROPOSED] ORDER DENYING PLAINTIFF'S MOTION TO STRIKE PORTIONS OF
 AFFIDAVIT OF DONALD E. MILLER - 1**

72273025.1 0043308-00005

IT IS HEREBY ORDERED that Plaintiff's Motion to Strike Portions of Affidavit of Donald E. Miller is DENIED.

JM
DATED THIS 22nd day of August, 2012.

Meille
The Honorable Thomas F. Neville

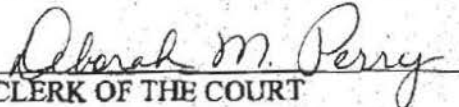
**[PROPOSED] ORDER DENYING PLAINTIFF'S MOTION TO STRIKE PORTIONS OF
AFFIDAVIT OF DONALD E. MILLER - 2**

72273025.1 0043308-00005

CERTIFICATE OF SERVICE

I hereby certify that on August th 27, 2012, I served a copy of the foregoing
**[PROPOSED] ORDER DENYING PLAINTIFF'S MOTION TO STRIKE PORTIONS
 OF AFFIDAVIT OF DONALD E. MILLER** on the following, in the matter indicated below:

<p>Ron Kerl COOPER & LARSEN, CHARTERED 151 North Third Avenue, Second Floor P.O. Box 4229 Pocatello, ID 83205-4229 Facsimile: (208) 235-1182</p> <p><i>Attorney for Northwest Farm Credit Services, FLCA</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Brian F. McColl WILSON & McCOLL 3858 N. Garden Center Way, Ste. 200 P.O. Box 1544 Boise, Idaho 83701-1544 Facsimile: (208) 384-0442</p> <p><i>Attorney for David A. Buich and Karen L. Buich</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Bradley J. Dixon Allison M. Blackman Stoel Rives LLP 101 S. Capitol Blvd., Suite 1900 Boise, Idaho 83702 Facsimile: (208) 389-9000</p> <p><i>Attorneys for Defendants Lake Cascade Airpark, LLC and Donald and Candace Miller</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>


 CLERK OF THE COURT

**[PROPOSED] ORDER DENYING PLAINTIFF'S MOTION TO STRIKE PORTIONS OF
 AFFIDAVIT OF DONALD E. MILLER - 3**

72273025.1 0043308-00005

ARCHIE N. BANBURY CLERK
By D. PERRY Deputy

AUG 27 2012

Ron Kerl, Esq. - ISB #1768
COOPER & LARSEN, CHARTERED
151 North Third Avenue, Second Floor
P.O. Box 4229
Pocatello, ID 83205-4229
Telephone: (208) 235-1145
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Email: ron@cooper-larsen.com

Case No. _____ Inst. No. _____
Filed _____ A.M. 12:20 P.M.

Attorney for Northwest Farm Credit Services, FLCA

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,
a federally chartered instrumentality of the United
States of America,

Plaintiff,

vs.

LAKE CASCADE AIRPARK, LLC, an Idaho limited
liability company; DONALD E. MILLER and
CANDACE W. MILLER, husband and wife; DAVID
A. BUICH and KAREN L. BUICH, husband and wife;

Defendants.

CASE NO. CV 2012-33C

**ORDER GRANTING IN PART
AND DENYING IN PART
PLAINTIFF'S MOTION FOR
SUMMARY JUDGMENT**

Plaintiff's Motion for Summary Judgment filed on July 19, 2012 came on regularly for hearing, pursuant to notice, on Thursday, August 16, 2012, before the undersigned District Judge.

The Plaintiff appeared in open court through its attorney Ron Kerl. The Defendants Lake Cascade Airpark, LLC and Donald E. and Candace W. Miller appeared in open court through their attorney Allison M. Blackman. The Defendants David A. and Karen L. Buich appeared telephonically through their attorney Brian F. McColl.

After having heard the arguments of counsel, and after having reviewed the briefs and affidavits filed on behalf of the parties, the Court made its oral findings of fact and conclusions of law on the record.

The Court finds that there is no genuine issue of material fact and concludes that the Defendants are in default of their loan agreements with the Plaintiff, as the same are attached to the Plaintiff's Verified Complaint as Exhibits A, B, C, and D, and that the Plaintiff is entitled to foreclose the mortgages attached to its Verified Complaint as Exhibits B and D.

The Court, however, finds that ~~material~~ ^{genuine material} issues of fact exist with respect to the amount due and owing on the two loans evidenced by Exhibits A, B, C, and D which precludes the entry of summary judgment. JM

The Court also finds that ~~material~~ ^{genuine material} issues of fact exist with respect to the reasonable value of the property described in the mortgages attached to Plaintiff's Verified Complaint as Exhibits B and D which precludes the entry of summary judgment. JM

NOW, THEREFORE, it is hereby ordered that:

1. Plaintiff's Motion for Summary Judgment is granted with respect to the fact that the Defendants are in default of their loan agreements with the Plaintiff, as the same are attached to the Plaintiff's Verified Complaint as Exhibits A, B, C, and D, and that the Plaintiff is entitled to foreclose the mortgages attached to its Verified Complaint as Exhibits B and D.

2. Plaintiff's Motion for Summary Judgment is denied with respect to the ~~remaining~~ ^{remaining} issues of fact: (i) the amount due and owing on the two loans evidenced by Exhibits A, B, C, and D, and (ii) the reasonable value of the property described in the mortgages attached to Plaintiff's Verified Complaint as Exhibits B and D. These ~~two~~ remaining issues of fact shall be resolved upon the court trial of this matter scheduled for September 24, 2012. JM

DATED This 22nd day of August, 2012.

Thomas F. Neville
Hon. Thomas F. Neville, District Judge

CLERK'S CERTIFICATE OF SERVICE

I hereby certify that on the 27th day of August, 2012, I served a true and correct copy of the foregoing to:

Bradley J. Dixon
Allison M. Blackman
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile

Brian F. McColl
3858 N. Garden Center Way, Ste. 1900
Boise, ID 73701

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile

Ron Kerl, Esq.
Cooper & Larsen, Chtd.
P.O. Box 4229
Pocatello, ID 83205

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile

Deborah M. Perry
Clerk of the Court

Bradley J. Dixon, ISB No. 6167
 E-mail: bjdixon@stoel.com
 Allison M. Blackman, ISB No. 8686
 E-mail: amblackman@stoel.com
 STOEL RIVES LLP
 101 S Capitol Boulevard, Suite 1900
 Boise, ID 83702
 Telephone: (208) 389-9000
 Facsimile: (208) 389-9040

ARCHIE N. BANBURY, CLERK
 By D. PERRY Deputy

SEP 11 2012

Case No. _____ Inst. No. _____
 Filed _____ A.M. 4:12 PM

Attorneys for Defendants Lake Cascade Airpark, LLC
 and Donald and Candace Miller

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff,

v.

LAKE CASCADE AIRPARK, LLC an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants.

Case No. CV 2012-33-C

**ORDER GRANTING MOTION FOR
 DISQUALIFICATION WITHOUT
 CAUSE PURSUANT TO IDAHO R. CIV.
 P. 40(d)(1)**

This matter having come before the Court on Defendants' Lake Cascade Airpark, LLC
 and Donald and Candace Miller's Motion for Disqualification Without Cause and good cause
 therefore pursuant to Idaho Rule of Civil Procedure 40(d)(1).

IT IS HEREBY ORDERED that Defendants' Motion is Granted.

**ORDER GRANTING MOTION FOR DISQUALIFICATION WITHOUT CAUSE
 PURSUANT TO IDAHO R. CIV. P. 40(d)(1) - 1**

72424282.1 0043308-00005

DATED THIS 11th day of September, 2012.

Maile
The Honorable Thomas F. Neville, for and by
direction of Judge Darla Williamson

**ORDER GRANTING MOTION FOR DISQUALIFICATION WITHOUT CAUSE
PURSUANT TO IDAHO R. CIV. P. 40(d)(1) - 2**

72424282.1 0043308-00005

CERTIFICATE OF SERVICE

I hereby certify that on September 11, 2012, I served a copy of the foregoing **ORDER GRANTING MOTION FOR DISQUALIFICATION WITHOUT CAUSE PURSUANT TO IDAHO R. CIV. P. 40(d)(1)** on the following, in the matter indicated below:

<p>Ron Kerl COOPER & LARSEN, CHARTERED 151 North Third Avenue, Second Floor P.O. Box 4229 Pocatello, ID 83205-4229 Facsimile: (208) 235-1182</p> <p><i>Attorney for Northwest Farm Credit Services, FLCA</i></p>	<p><input type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Via Email</p>
<p>Brian F. McColl WILSON & McCOLL 3858 N. Garden Center Way, Ste. 200 P.O. Box 1544 Boise, Idaho 83701-1544 Facsimile: (208) 384-0442</p> <p><i>Attorney for David A. Buich and Karen L. Buich</i></p>	<p><input type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Via Email</p>
<p>Judge Darla Williamson Ada County Courthouse 200 W. Front Street Boise, Idaho 83702 Facsimile (court): (208) 287-6919</p>	<p><input type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Via Email</p>
<p>Bradley J. Dixon Allison M. Blackman Stoel Rives LLP 101 S. Capitol Blvd., Suite 1900 Boise, Idaho 83702 Facsimile: (208) 389-9040</p> <p><i>Attorneys for Defendants Lake Cascade Airpark, LLC and Donald and Candace Miller</i></p>	<p><input type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Via Email</p>


CLERK OF THE COURT

**ORDER GRANTING MOTION FOR DISQUALIFICATION WITHOUT CAUSE
PURSUANT TO IDAHO R. CIV. P. 40(d)(1) - 3**

72424282.1 0043308-00005

FILED
 Thursday, September 27, 2012 at 08:26 AM
 ARCHIE N. BANBURY, CLERK OF THE COURT

BY: *Janet Cee*
 Deputy Clerk

**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY**

NORTHWEST FARM CREDIT
 SERVICES, FLCA,
 Plaintiff(s)

LAKE CASCADE AIRPARK, LLC, et al
 Defendant(s)

CASE NO. CV-2012-33-C

CERTIFICATE OF MAILING

I, ARCHIE N. BANBURY, the undersigned authority, do hereby certify that I have
 mailed, by United States Mail, one copy of the: **PARTIAL FINDINGS AND
 CONCLUSIONS AND PARTIAL JUDGMENT** as notice pursuant to Rule 77 (d) I.R.C.P.
 to each of the parties or attorneys of record in this cause in envelopes addressed as
 follows:

RON KERL
 COOPER & LARSEN
 PO BOX 4229
 POCATELLO ID 83205-4229

BRADLEY J. DIXON
 STOEL RIVES LLP
 101 S. CAPITOL BLVD., STE 1900
 BOISE ID 83702-7705

BRIAN F. MCCOLL
 WILSON & MCCOLL
 PO BOX 1544
 BOISE ID 83701-1544

Dated: Thursday, September 27, 2012

ARCHIE N. BANBURY
 Clerk of the Court

By: *Janet Cee*
 Deputy Clerk



IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

CASE NO. CV-2012-33-C

PARTIAL FINDINGS AND CONCLUSIONS

NORTHWEST FARM CREDIT)
SERVICES, FLCA, A FEDERALLY)
CHARTERED INSTRUMENTALITY)
OF THE UNITED STATES OF)
AMERICA,)

PLAINTIFF,)

V.)

LAKE CASCADE AIRPARK, LLC, AN)
IDAHO LIMITED LIABILITY)
COMPANY; DONALD MILLER AND)
CANDACE W. MILLER, HUSBAND)
AND WIFE; DAVID A. BUICH AND)
KAREN L. BUICH, HUSBAND AND)
WIFE,)

DEFENDANTS.)

Filed in chambers

9/26/2012

5:55 P.M.

*Arg. McCarty,
Sr. Dist Judge*

This is an action brought by Plaintiff Northwest Farm Credit Services against Defendants Lake Cascade Airpark, Donald and Candace Miller, and David and Karen Buich, for foreclosure of a mortgage and for a deficiency judgment. The presiding judge, Judge Neville, previously entered partial summary judgment declaring the underlying debts to be in default and permitting a foreclosure sale. The case was scheduled for court trial on two issues: the amount of debt due and unpaid; and the reasonable or fair market value of the security for the debt. Due to a scheduling conflict for Judge Neville, the trial was assigned to me. Judge Neville remains the

FINDINGS OF FACT AND CONCLUSIONS OF LAW - NORTHWEST 1

presiding judge for all other purposes.

Prior to trial the attorney for Mr. and Mrs. Buich advised the court that a default may be entered against them and that they would be bound by the court's findings.

The disputed issues were tried to the court on September 25, 2012.

PARTIAL FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This memorandum constitutes the court's findings of fact and conclusions of law on certain issues.

2. The Idaho Supreme Court has stated the purpose and nature of findings of fact and conclusions of law required by IRCP Rule 52(a) in the following language:

In considering the detail which the findings and conclusions should contain, it is helpful to review decisions of Federal Courts relative to Rule 52(a) of the Federal Rules of Civil Procedure, 28 U.S.C.A. which is almost identical to Rule 52(a) I.R.C.P. In the Committee Note of 1946 to Subdivision (a) it is stated that "These findings should represent the judge's own determination and not the long, often argumentative statements of successful counsel; *** the judge need only make brief, definite, pertinent findings and conclusions upon contested matters; there is no necessity for over-elaboration of detail or particularization of facts." Findings should not be discursive; they should not state the evidence or any of the reasoning upon the evidence.

"A scientific distinction between fact and law is not workable. Nor would such a distinction serve the purpose behind Rule 52, which is to aid the trial court in making a correct appraisal of the evidence and the law to the end that a sound decision is made, to show what has been adjudicated for future purposes for res judicata and estoppel by judgment, and to aid the appellate court where an appeal is taken."

Angleton v. Angleton, 84 Idaho 184, 191, 370 P.2d 788 (1962). Other courts have held that a trial court shall make findings only on those essential facts that lay a basis for its decision. *White Industries, Inc., v. Cessna Aircraft Co.*, 845 F.2d 1497 (8th Cir. 1988), cert. den. 488 U.S. 856; *In re Imperial Irr. Dist.*, 38 F.Supp. 770 (S.D. Cal. 1941). "What Rule 52(a) does not require is a particularized finding on each piece of evidence presented by the parties." *White Industries, Inc., v. Cessna Aircraft Co.*, at 1499.

3. The findings of fact will not include matters that have not been established by the weight of the credible evidence. In keeping with the spirit of Rule 52(a), the court's findings will not restate every item of documentary evidence or every item of testimony. The findings will not contain a recitation of conflicts in the evidence or the court's reasoning in resolving each of the conflicts. The findings will consist only of a recitation of those material facts that have been established by credible and competent evidence to be more probably true than not true and that bear on the issues that legally may be addressed.

4. The defendants entered into two loan transactions with the plaintiff on May 27, 2008:

- a. A Note and Loan Agreement in the principal amount of \$2,450,000.00;
- b. An Ag Equity Line of Credit Note and Loan Agreement in the principal amount of \$500,000.00.

5. When The Defendants failed to make required payments, Northwest declared a default and accelerated the payments. The defendants have not cured

the default.

6. The parties agree that as of September 24, 2012, the following amounts are owed by the defendants, not including costs and attorney fees:

Note and Loan Agreement	\$2,951,340.65
Line of Credit Agreement	\$ 580,936.39

7. Interest continues to accrue on the Note and Loan Agreement at a daily rate of \$737.768 and on the Line of Credit Agreement at a daily rate of \$121.891.

8. The loans were secured by mortgages on real property now subject to foreclosure proceedings. The property is a single parcel of 333.63 acres located in Valley County, Idaho near Cascade Reservoir and owned by Defendant Lake Cascade Airpark. A legal description of the property is attached to these findings.

9. The property is unforested and unimproved but fenced pasturage with a significant wetland component. It is immediately adjacent to a 200 acre tract over which Defendant Airpark holds a perpetual use easement. There is an inactive airfield on the 200 acre tract. When Airpark purchased the mortgaged property around 2008 it intended to re-open the airfield, develop a vacation community for aircraft owners on part of its property, and modify the wetland so that it could qualify as an accredited wetland area with salable wetland mitigation credits. It is undisputed that part of the property has future potential as a source of wetland mitigation. Although some preliminary work had been done on the various projects envisioned by Airpark, no earth has been turned and nothing has been completed.

10. As noted above Judge Neville previously entered partial summary

judgment declaring the underlying debts to be in default and permitting a foreclosure sale of the mortgaged property. The sale, however, has not yet taken place.

Nevertheless the parties wish to have the reasonable or fair market value of the mortgaged property established prior to the sale, so that the amount of a deficiency, if any, readily may be established.

11.. Under Idaho law the amount of a deficiency judgment ordinarily is limited to the difference between the amount of the indebtedness, plus certain costs and the reasonable, or fair market value, of the encumbered property. If, however, the amount expended by the buyer at the foreclosure sale is greater than the fair market value, then the amount of the deficiency is limited to the difference between the amount of the indebtedness, plus the costs of foreclosure and sale, and the amount for which the property actually was sold at foreclosure. I.C. Section 6-108; see, *Thompson v. Kirsch*, 106 Idaho 177, 677 P.2d 490 (Ct. App. 1984). The date for determining fair market value is the date “when the trial court in a foreclosure case determines whether a deficiency judgment should be entered....” *Isaac v. Idaho First National Bank*, 119 Idaho 907, 910, 811 P.2d 832 (1991). Since that date has not yet been established, the court will use the date of trial, September 25, 2012, as the date of valuation. If there is a significant change in market conditions between September 25th and the date of establishing a deficiency, the parties may ask to present evidence of any changed conditions that may affect value.

11. An experienced appraiser employed by Northwest testified that she used the comparable sales method of valuation to establish a value of the tract both in

2008 and in May of 2012.

12. In 2008 she appraised the property at \$5,140,000.00 or about \$15,400.00 per acre. At the time of the 2008 appraisal, the Tamarack ski resort development had just failed. Nevertheless there still was a strong and active market in Valley County for substantial tracts of land with development potential for vacation retreats. Potential buyers typically were developers, speculators, and non-local people with an interest in obtaining recreational property. In making her 2008 appraisal, the appraiser necessarily used comparable sales that had closed prior to the Tamarack failure.

13. In 2012 the market for large tracts had disappeared. The failure of Tamarack and the recession had crushed the real estate market in Valley County. Developers, speculators, and vacation buyers no longer were actively pursuing purchases. The only potential buyers were local ranchers and farmers who were interested in adding to their agricultural holdings at bargain prices. There were a substantial number of tracts, both large and small, that had gone into foreclosure and had come into the possession of lending institutions.

14. The appraiser testified that the it was difficult to find reasonably comparable sales, both because of the lack of a market and because so many properties were being marketed by lending institutions under distress conditions. In fact she considered the comparables to be "poor." Nevertheless she was able to identify some fairly comparable sales at adjusted prices varying between \$2,717.00 per acre and \$7,568.00 per acre. In her opinion the property's former recreational

and developmental potential had disappeared by 2012; its current highest and best use was agricultural. She concluded that the value as of May 2012 was \$4,000.00 per acre or \$1,334,520.00, rounded up to \$1,335,000.00.

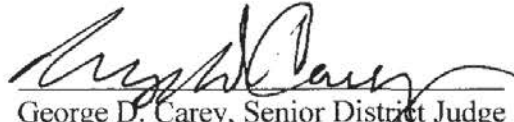
15. She re-evaluated the property just prior to trial but found no change in conditions that would alter her opinion.

16. Mr. Miller, as one of the principals in Lake Cascade Airpark and as a person with experience in real estate development, testified that the property was worth well in excess of \$4,000,000.00. He criticized the plaintiff's appraiser for not taking into account the future potential for recreational airpark development and wetland credits, as well as for failing to look for comparables outside Valley County.

17. After considering all the evidence, the court concludes that the valuation given by Northwest's appraiser is more credible than the one given by Mr. Miller. Mr. Miller's opinion has a large component of wishful thinking about what might have been if the market had not taken a disastrous turn for the worse. Northwest's appraisal appears to be much more in touch with the reality of the marketplace, although a bit on the low side. In the court's opinion the evidence supports a finding that the property in its current condition and in the current market has a reasonable or fair market value of \$4,500.00 per acre or \$1,501,335.00, rounded to \$1,501,500.00, as of September 25, 2012.

18. Since the court will be entering a partial judgment on only two aspects of the case, it will not take up the issue of costs and attorney fees at this time.

DATED September 26, 2012



George D. Carey, Senior District Judge

ARCHIE N. BANBURY, CLERK
By D. PERRY Deputy

NOV 02 2012

Case No. _____ Inst. No. _____
Filed _____ A.M. 12:57 P.M.

Ron Kerl, Esq. - ISB #1768
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Pocatello, ID 83205-4229
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Attorney for Northwest Farm Credit Services, FLCA

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,)
a federally chartered instrumentality of the United)
States of America,)

Plaintiff,)

vs.)

LAKE CASCADE AIRPARK, LLC, an Idaho limited)
liability company; DONALD E. MILLER and)
CANDACE W. MILLER, husband and wife; DAVID)
A. BUICH and KAREN L. BUICH, husband and wife;)

Defendants.)

CASE NO. CV 2012-33C

**DECREE OF FORECLOSURE
AND ORDER OF SALE**

This matter came on regularly for trial before the Court, the Honorable George D. Carey, presiding. The Court issued its Partial Findings of Fact and Conclusions of Law and its Partial Judgment on September 26, 2012, and for the reasons therein stated, it is hereby decreed that Northwest Farm Credit Services, FLCA is entitled to the Decree of Foreclosure and Order of Sale hereinafter set forth.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. The two mortgages made, executed and delivered by Defendant Lake Cascade

Airpark, LLC, to Northwest Farm Credit Services, FLCA, dated May 27, 2008, and recorded on the 29th day of May, 2008, under Recorder's Instrument Nos. 331953 and 331954, respectively, in the records of Valley County, Idaho, are valid first and second priority liens on the below described real property securing an indebtedness of \$3,532,276.94 as of September 24, 2012, plus interest thereafter accruing up to the date of this Decree at a daily rate of \$859.659.

As of the date of this Decree the total indebtedness secured by the above described mortgages is the sum of \$ 3,565,803.⁶⁴, plus legal interest on the entire sum of the indebtedness from the date of this Decree to and including the date of Sheriff's sale at the highest rate allowed by law; together with allowable costs and attorneys fees yet to be determined.

The real property situated in the County of Valley, State of Idaho, is more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof.

2. The mortgage liens described in paragraph 1 are foreclosed, and all interest which the Defendant Lake Cascade Airpark, LLC has in the above described real property, together with all ditch and water rights of every nature, and any fixtures on the property, shall be sold by the Sheriff of Valley County, Idaho, in one parcel in the manner provided by law, payable in cash lawful money of the United States of America and in accordance with the practice of this Court.

3. The reasonable value of the property described in the mortgages as of the date of this Decree is the sum of \$1,501,335.00. This Court retains jurisdiction of this cause to take evidence on the reasonable value of the premises at a later date, if necessary, and to amend this Decree to include a determination of reasonable value as of the date of this Decree, if necessary, to allow Plaintiff to pursue any deficiency judgment they may be entitled to receive under *Idaho Code* §6-108.

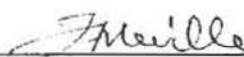
4. The proceeds of the foreclosure sale shall be applied as follows: First, to the costs

of sale; Second, towards the satisfaction of the indebtedness owing to Northwest Farm Credit Services under the Note and Loan Agreement dated May 27, 2008; and Third, toward the satisfaction of the indebtedness owing to Northwest Farm Credit Services, FLCA under the Line of Credit Agreement dated May 27, 2008, and upon payment of those sums in full, any surplus thereafter remaining shall be paid into the District Court for further determination regarding priority among those parties to this litigation whose rights are subordinate to Northwest Farm Credit Services, FLCA.

5. The Defendants Lake Cascade Airpark, LLC, Donald E. Miller, Candace W. Miller, David A. Buich, and Karen L. Buich, and all persons claiming through or under them as purchasers, encumbrancers, or otherwise and all persons claiming to have acquired any equity or interest in said premises subsequent to the filing of a Lis Pendens with the County Recorder of Valley County, Idaho, on February 8, 2012, recorded as Instrument No. 366717 of the real estate records of the County Recorder of Valley County, Idaho, are foreclosed of all interests, liens, or claims in the real property described in Exhibit "A", and every portion thereof, save and except such statutory rights of redemption as said parties or any of them may have.

6. Northwest Farm Credit Services, FLCA, with either a cash bid or a credit bid against the sum herein found to be due it, or any party to this proceeding may become the purchaser at the sale of said property, and the purchaser thereof shall be entitled to all of the rights and privileges of such a purchaser under the laws of the State of Idaho.

DATED This 2nd day of November, 2012. Jm


 Hon. Thomas F. Neville
 DISTRICT JUDGE

APPROVED AS TO FORM AND CONTENT:**COOPER & LARSEN, CHTD.**

Attorney for Northwest Farm Credit Services, FLCA

By


Ron Kerl

Dated:

October 4, 2012**STOEL RIVES, LLP**Attorney for Lake Cascade Airpark, LLC.
Donald E. Miller, and Candace W. Miller

By

Bradley J. Dixon

Dated: _____

WILSON & McCOLL

Attorney for David A. Buich and Karen L. Buich

By


Brian F. McColl

Dated:

October 4, 2012

Bradley J. Dixon, ISB No. 6167
 E-mail: *bjdixon@stoel.com*
 Allison M. Blackman, ISB No. 8686
 E-mail: *amblackman@stoel.com*
 STOEL RIVES LLP
 101 S Capitol Boulevard, Suite 1900
 Boise, ID 83702
 Telephone: (208) 389-9000
 Facsimile: (208) 389-9040

ARCHIE N. BANBURY, CLERK
 By *[Signature]* Deputy

NOV 13 2012

Case No. _____ Inst. No. _____
 Filed _____ A.M. _____ P.M.

Attorneys for Defendants Lake Cascade Airpark, LLC
 and Donald and Candace Miller

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff,

v.

LAKE CASCADE AIRPARK, LLC an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants.

Case No. CV 2012-33-C


**DEFENDANTS' LAKE CASCADE
 AIRPARK, LLC AND DONALD AND
 CANDACE MILLER'S MOTION TO
 ALTER OR AMEND PARTIAL
 FINDINGS AND CONCLUSIONS AND
 ALTERNATIVE MOTION FOR NEW
 TRIAL**

Defendants Lake Cascade Airpark, LLC and Donald and Candace Miller ("Defendants")
 hereby move to this Court for an order altering or amending the Partial Findings and Conclusions
 filed in chambers on September 26, 2012 at 5:55 P.M. and signed by Senior District Judge

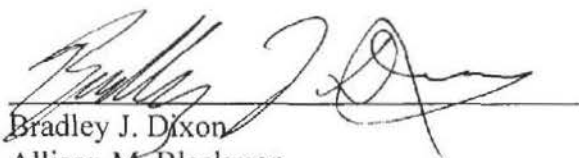
**DEFENDANTS' LAKE CASCADE AIRPARK, LLC AND DONALD AND CANDACE
 MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND
 CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL - 1**

George D. Carey pursuant to IRCP 52(b) and 59(e). Alternatively Defendants request a new trial pursuant to IRCP 59(a)(6)

This motion is supported by the Memorandum in Support of Lake Cascade Airpark and Donald and Candace Miller's Motion to Alter or Amend Partial Findings and Conclusions and Alternative Motion For New Trial, and the Affidavit of Bradley J. Dixon filed concurrently herewith, and the pleadings and papers on file herein.

DATED: November , 2012.

STOEL RIVES LLP



Bradley J. Dixon


Allison M. Blackman

*Attorneys for Defendants Lake Cascade
Airpark, LLC and Donald and Candace Miller*

CERTIFICATE OF SERVICE

I hereby certify that on November 9, 2012, I served a copy of the foregoing **DEFENDANTS' LAKE CASCADE AIRPARK, LLC AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL** on the following, in the matter indicated below:

<p>Ron Kerl COOPER & LARSEN, CHARTERED 151 North Third Avenue, Second Floor P.O. Box 4229 Pocatello, ID 83205-4229 Facsimile: (208) 235-1182</p> <p><i>Attorney for Northwest Farm Credit Services, FLCA</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Brian F. McColl WILSON & McCOLL 3858 N. Garden Center Way, Ste. 200 P.O. Box 1544 Boise, Idaho 83701-1544 Facsimile: (208) 384-0442</p> <p><i>Attorney for David A. Buich and Karen L. Buich</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Judge Thomas F. Neville Ada County Courthouse 200 W. Front Street Boise, Idaho 83702 Facsimile (court): (208) 287-7569 Email: dcnevilt@adaweb.net</p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>


Bradley J. Dixon

DEFENDANTS' LAKE CASCADE AIRPARK, LLC AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL - 3

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 By *[Signature]* Deputy
 NOV 13 2012

Case No. _____ Inst. No. _____
 Filed _____ A.M. _____ P.M.

Attorneys for Defendants Lake Cascade Airpark, LLC
 and Donald and Candace Miller

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff,

v.

LAKE CASCADE AIRPARK, LLC, an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants.

Case No. CV 2012-33-C

**MEMORANDUM IN SUPPORT OF
 DEFENDANTS LAKE CASCADE
 AIRPARK, LLC AND DONALD AND
 CANDACE MILLER'S MOTION TO
 ALTER OR AMEND PARTIAL
 FINDINGS AND CONCLUSIONS AND
 ALTERNATIVE MOTION FOR NEW
 TRIAL**

I. INTRODUCTION

This lawsuit represents reprehensible conduct on the part of Northwest Farm Credit Services, FLCA ("NWFC") in the context of a distressed loan. In 2008, NWFC approved and wrote a loan supported by a May 12, 2008 Appraisal completed by Susan Robbins, ARA

**MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND
 CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND
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("Robbins") (the "2008 Appraisal"). *See* Trial Exhibit 2 (Attached to the Affidavit of Bradley J. Dixon ("Dixon Aff.") as Exhibit A. Robbins was and is an employee of NWFC. The 2008 Appraisal set the value of the property that is at-issue in this lawsuit at \$5,141,040.00. In 2010, Defendants David A. Buich and Karen L. Buich ("Buichs") were financially unable to continue paying their portion of loans entered into between NWFC, Lake Cascade Airpark, LLC ("Lake Cascade Airpark"), Donald Miller and Candace Miller ("Millers") and the Buichs. Trial Transcript (Attached to the Dixon Aff. as Exhibit B) at 95:4-9. For over a year Millers and Lake Cascade Airpark sought a restructure of the at-issue loans. NWFC conditioned a restructure upon the full release of Buichs from the loan and any LLC interest. Once the release was available, NWFC filed the Complaint to Foreclosure Real Estate Mortgage on February 6, 2012.

In an effort to recover an improper deficiency judgment, NWFC sought to have this Court set the value of the property at \$1,335,000.00, supported the May 30, 2012 Appraisal (hereinafter the "2012 Appraisal") (Trial Exhibit H, Attached to the Dixon Aff. as Exhibit C) also completed by NWFC employee Robbins. The 2012 Appraisal is deficient in numerous aspects and wholly inconsistent with the 2008 Appraisal.

On or about September 26, 2012, The Honorable George D. Carey, Senior District Judge, entered the Partial Findings and Conclusions ("Order") (Attached to the Dixon Aff. as Exhibit D) in the above-captioned case. The Order was entered a mere 24 hours following the completion of the evidentiary hearing in this matter set for the purpose of determining the reasonable value of the property that is the subject of this foreclosure action. The Order fails to acknowledge the significant inconsistencies brought to light by the 2008 Appraisal and opts to simply rely on the 2012 Appraisal. However, the Order did find that the 2012 Appraisal was "a bit on the low side"

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 2

and determined that the reasonable market value of the subject property was equal to \$4,500.00 per acre or a total rounded value of \$1,501,500.00.

Pursuant to Idaho Rules of Civil Procedure 52(b) and 59(e), Defendants Lake Cascade Airpark, LLC (“Lake Cascade Airpark”) and Donald and Candace Miller (“Millers”) (collectively the “Defendants”) request that the Court alter the Order consistent with the evidence presented at trial. In the alternative, Defendants request that the Court order a new trial based upon Idaho Rule of Civil Procedure (59)(e)(6). In particular, the Order is deficient because the Court failed to consider the significant inconsistencies and deficiencies in the 2012 Appraisal and declined to even consider or evaluate the testimony of Don Miller.

II. STATEMENT OF FACTS

A. The 2008 Appraisal

On May 12, 2008 Robbins completed an appraisal for her employer NWFCs (the “2008 Appraisal”). See Trial Exhibit 2. Therein, Robbins evaluated the property that is subject to this foreclosure action as two separate parcels. Site A “is the subject’s 103 acres that is considered to be developable and not put in a wet land easement.” *Id.* at 6. Site B “is the remaining subject property” of 230.63 acres. *Id.* The 2008 Appraisal also utilizes the “Cost Approach” to evaluating the property. Robbins states in her opinion that “the Cost Approach is completed as the subject property has two land components which is best represented by the puritan sales used in this report. This approach considers the land value based on comparable bare land sales comprised of similar land classification.” *Id.* at 10. Notably, the 2008 Appraisal also uses no time adjustment. Robbins states that “there is no time adjustment as there is no indication (sales) of downward trend in this market. There are indicators such as listings found that tends [sic] to indicate that there are no buyers, but prices have yet dropped.” *Id.* at 11.

Utilizing nine comparable sales, the 2008 Appraisal concludes that the property subject to this lawsuit was worth \$5,141,040.00.

1. The 2008 Appraisal Comparable Sales

The 2008 Appraisal utilized nine sales comparables from 2003, 2005, 2006 and 2007.¹ Trial Exhibit 2 at 13-14. The comparables ranged in price from \$7,923.78 per acre to \$63,653.14 per acre. *Id.* All of the comparable sales used in the 2008 Appraisal were undeveloped pasture land with development potential and purchased for a development purpose. *See id.* at 16. The comparables from the 2008 Appraisal are reflected in the chart below.

Sale Number	Date	Acres	Price (Total)	Price (Per Acre)
1	8/07	37.17	\$2,038,000.00	\$54,829.00
2	12/06	15.79	\$600,000.00	\$37,998.73
3	5/06	135.50	\$8,625,000.00	\$63,653.14
4	2/05	98.48	\$4,431,690.00	\$45,221.33
5	6/05	156.92	\$1,250,000.00	\$7,961.78
6	7/05	46.10	\$665,000.00	\$14,425.16
7	11/03	40	\$521,456.00	\$13,036.40
8	1/06	60.58	\$480,000.00	\$7,923.41
9	6/05	156.92	\$1,250,000.00	\$7,961.78

¹ Sale Numbers 5 and 9 are the same sale for an unspecified reason.

B. The 2012 Appraisal

On May 30, 2013, Robbins completed the 2012 Appraisal. Robbins testified that with respect to the 2012 Appraisal:

I got a request, which is through our website, from Farm Credit Services, from Ron Endow. And it told – you know, it gave me the request, the name of the property, and the credit officer, and told me the date that it was due. And Rod came over to my office and asked me if I could meet that date and I said yes, I can.”

Trial Transcript at 57:12-16. Robbins denied having any knowledge that the property loan was in foreclosure or distressed in any way despite Mr. Endow handling only distressed loans. *Id.* at 57:25-58:7. The 2012 Appraisal evaluates the property as one single pasture land site of 333.63 acres. *See* Trial Exhibit H at 6. The 2012 Appraisal, unlike the 2008 Appraisal, uses the Comparison Approach stating, “as there are no improvements on this property and *one land class*, the Cost Approach was not completed and felt not to be necessary in this assignment.” *Id.* at 9 (emphasis added). Finally, in analyzing comparable sales, Robbins applied the assumption of a compounded 2.1% per year decline in property values. *Id.* at 10. This time adjustment was determined by a single paired sale (Sales 1 and 3 below). Most curious, Robbins **DID NOT** use a single comparable sale from her 2008 Appraisal completed on the exact same property.

In sum, the 2012 Appraisal concludes that the value of the property is \$1,334,520.00 or \$4,000.00 per acre.

1. The 2012 Appraisal Comparables

The 2012 Appraisal utilized 10 sales comparables from 2004, 2005, 2008, 2011 and 2012. Trial Exhibit H at 10-11. All but two of the comparables were available for use in the 2008 Appraisal. The comparables ranged in price from \$2,826.40 per acre to \$8,750.00 per acre. *Id.* All of the comparable sales used in the 2012 Appraisal were undeveloped pasture land, small

acreage with no development potential or purpose. The comparables from the 2012 Appraisal are reflected in the chart below.

Sale Number	Date	Acres	Price (Total)	Price (Acre)	Adjusted (Acre)
1	9/09	40	\$115,000.00	\$2,875.00	\$2,717.00
2	9/04	158	\$799,000.00	\$5,056.96	\$4,297.00
3	2/04	40	\$130,000.00	\$3,250.00	\$2,728.00
4	11/04	55	\$236,000.00	\$4,290.91	\$3,660.00
5	10/05	78	\$400,000.00	\$5,142.71	\$4,472.00
6	5/12	42	\$300,000.00	\$7,134.36	\$7,134.00
7	6/10	42	\$190,000.00	\$4,534.61	\$4,354.00
8	7/05	68	\$595,000.00	\$8,750.00	\$7,568.00
9	1/08	40	\$225,000.00	\$5,625.00	\$5,131.00
10	9/11	548	\$1,550,000.00	\$2,826.40	\$2,826.00

In her testimony and in the Sales Comparison Comments (Trial Exhibit H at 12-13), Robbins provided some extremely revealing commentary on the so-called comparables she used in the 2012 Appraisal, which effectively make these comparables useless in comparison to the at-issue property.

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 6

Sale Numbers 1 and 3 were utilized as a comparable but were acknowledged to be sold in a liquidation setting, have limited access in the winter and can only support one building site. Robbins acknowledged that the sale was “inferior to the subject.” Trial Transcript at 39:2-21.

With regard to Sale Number 2, Robbins testified that this sale was used “because the buyers in that market (2004) are similar to the buyers in today’s market, where 2004 was starting to have some increase in values, but it didn’t have the Tamarack development, and didn’t have the outside influence of buyers coming in because of Tamarack.” *Id.* at 40:11-18. However, despite her testimony that the values would be similar based on market forces, Robbins saw fit to further discount the sale price using a time adjustment.

Robbins identifies Sale Number 4, a significantly smaller parcel that was sold for pasture land purposes and always intended for pasture, as an inferior sale based on location. Trial Exhibit H at 12.

Regarding Sale Number 6, Robbins included the sale only because it occurred in 2012. Robbins stated in her testimony that it was not comparable. Trial Transcript at 58:22-59:2.

Again, with Sale Number 7, Robbins utilized a bank foreclosure sale on a parcel substantially smaller than the property now before the court and it was sold on contract. Trial Transcript at 45:8-14.

Sale Number 8 is the only comparable identified in the 2012 Appraisal that is actually comparable. It was purchased for the purpose of investment and potential development and has views, lake access and road access consistent with the Lake Cascade Airpark property. Nonetheless, Robbins ignores the sale and concludes that it is superior as to location with no basis or analysis for the opinion. *See* Trial Exhibit H at 12; Trial Transcript at 46:4-8.

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER’S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 7

Sale Number 9 is yet again a substantially smaller parcel purchased and used only for pasture land, has no view and is acknowledged by Robbins as inferior because it is actually located in Round Valley. *See* Trial Transcript at 46:11-47:3. Nonetheless, Robbins testifies that it is actually a superior sale because of the timing. *Id.*

Sale Number 10 is similarly a bank foreclosure sale purchased only for agricultural use and involves a parcel significantly larger with no expectation of development.

C. Mr. Miller Evaluated the Property in His Capacity as Owner and Based on His Experience and Concluded the Property Is Worth \$4.5 Million

Mr. Miller testified to his extensive background regarding environmental reclamation projects and commercial development projects in Idaho. *See* Trial Transcript at 74:13-79. In addition, Mr. Miller has been familiar with the at-issue property and its history since 1989. Mr. Miller became an owner of the property in 2004. *Id.* at 84:25-85:18. Based upon this vast experience Mr. Miller testified that the value of the property was “minimum 4.5” million. *Id.* at 105:22-106:6. Mr. Miller testified:

The two components of – of value that we’ve talked about here, and two components of value that exists on the property or can exist on the property is the potential for the sale of wetland credits, either on a wholesale basis or a sale of the bank, once approved, and sale of interests in the air park concept, either as individual sites or as individuals that purchase into the LLC.

Id. at 106:7-14.

III. LEGAL STANDARD

A. Legal Standard for Motion for Amendment of Findings of Court Pursuant to Idaho Rule of Civil Procedure 52(b)

Pursuant to Idaho Rule of Civil Procedure 52(b):

A motion to amend findings or conclusions or to make additional findings or conclusions shall be served not later than fourteen (14) days after entry of the judgment, and if granted the

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER’S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 8

court may amend the judgment accordingly. The motion may be made with a motion for a new trial pursuant to Rule 59. When findings of fact are made in actions tried by the court without a jury, the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the district court an objection to such findings or has made a motion to amend them or a motion for judgment. No party may assign as error the lack of findings unless the party raised such issue to the trial court by an appropriate motion.

In this context, the trial court cannot consider new evidence when asked to reconsider a final judgment pursuant to a motion to alter or amend the judgment or pursuant to a motion to amend findings of fact or conclusions of law. *See* I.R.C.P. 52(b), 59(e); *see also PHH Mortg. Services Corp. v. Perreira*, 146 Idaho 631, 635, 200 P.3d 1180, 1184 (Idaho 2009).

B. Legal Standard for Motion to Alter or Amend Judgment Pursuant to Idaho Rule of Civil Procedure 59(e)

Idaho Rule of Civil Procedure 59(e) can afford the trial court the opportunity to correct both errors of fact and law that had occurred in its proceedings. “Such proceedings must of necessity, therefore, be directed to the status of the case as it existed when the court rendered the decision upon which the judgment is based.” *Coeur d’Alene Mining Co. v. First Nat’l Bank of Idaho*, 118 Idaho 812, 823, 800 P.2d 1026, 1037 (1990) (quoting *Lowe v. Lym*, 103 Idaho 259, 263, 646 P.2d 1030, 1034 (Ct. App. 1982)).

C. Legal Standard for Motion for New Trial Pursuant to Idaho Rule of Civil Procedure 59(a)

Pursuant to Idaho Rule of Civil Procedure 59(a)(6), “A new trial may be granted to all or any of the parties and on all or part of the issues in an action for . . . [i]nsufficiency of the evidence to justify the verdict or other decision, or that it is against the law.”

A determination of a Rule 59(a)(6) motion for new trial based upon insufficient evidence to justify the verdict is within the discretion of the trial court. *Warren v. Sharp*, 139 Idaho 599,

83 P.3d 773 (2003). A trial judge is “not required to view the evidence in a light most favorable to the verdict-winner [W]hen a motion for a new trial is based on the ground that the verdict is against the weight of the evidence, the judge is free to weigh the conflicting evidence for himself.” *Quick v. Crane*, 111 Idaho 759, 767, 727 P.2d 1187, 1195 (1986). Rule 59(a)(6) allows a trial court to grant a new trial when there is “[i]nsufficiency of the evidence to justify the verdict or other decision.” I.R.C.P. 59(a)(6). A court may grant a new trial where it weighs the evidence and determines the credibility of the witnesses, and from that consideration, the court is led to the conclusion that the verdict is not in accord with its assessment of the clear weight of the evidence. *Sheets v. Agro-West, Inc.*, 104 Idaho 880, 883, 664 P.2d 787, 790 (Ct. App. 1983). Respect for the function of the jury prevents the granting of a new trial except in unusual circumstances. *Pratton v. Gage*, 122 Idaho 848, 850, 840 P.2d 392, 394 (1992).

On appeal, “A trial court’s findings of fact in a court tried case will be liberally construed on appeal in favor of the judgment entered, in view of the trial court’s role as trier of fact.” *Benninger v. Derifield*, 142 Idaho 486, 489, 129 P.3d 1235, 1238 (2006). Findings of fact based on substantial and competent evidence will not be overturned on appeal even in the face of conflicting evidence. *Id.* It is the province of the district court to weigh conflicting evidence and testimony and to judge the credibility of the witnesses. *Id.*

IV. ARGUMENT

A. The 2012 Appraisal Is Contrary to and Conflicting with the 2008 Appraisal

1. Despite Her Testimony That The Market Reflected a 2.1% Reduction In the Market Per Year, There is a 285% Difference in the 2008 Appraisal and 2012 Appraisal.

The Order, in large part accepts the conclusions in the 2012 Appraisal without any analysis or consideration of the significant conflicting reporting from the 2008 Appraisal. The most glaring example of the inaccuracies not acknowledged by Court is 2012 Appraisal’s usage

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER’S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 10

of a time adjustment factor of minus 2.1% per year on all of the comparable. In other words, Robbins identified certain sales in her comparables and based on obtuse market assumptions concluded that the properties would be worth 2.1% less over each year. However, the difference between the 2008 Appraisal (\$5,141,040.00) and the 2012 Appraisal (\$1,335,000.00) accounts for a difference of over 285%. This single factor establishes that Robbins opinions should not be relied upon by the Court.

2. Robbins Purposefully Ignored Comparables She Selected in Her 2008 Appraisal to Provide Her Employer with a More Favorable Evaluation in the 2012 Appraisal

Robbins performed the 2008 Appraisal using sales that she deemed comparable based on topography, current use, development potential and size. In the 2012 Appraisal Robbins scrapped **ALL** of her 2008 comparables and found allegedly comparable sales that were completely different in nearly every aspect. Indeed, the 2012 comparables reflect even older sales, smaller acreage and very limited (if any) development potential. When asked in her testimony by her own counsel about the reasoning behind using none of the 2008 Appraisal comparables, Robbins' only excuse was that the 2008 Appraisal comparables all predated the Tamarack bankruptcy. Trial Transcript at 69:22-24.

Robbins' 2012 Appraisal is unreliable and was improperly relied upon by the Court because it is completely contrary to an earlier report completed by the same appraiser. Robbins clearly sought to ignore sales once deemed comparable to provide her employer with a lower value estimate. The Court should not be permitted to simply ignore the comparables identified in the earlier report.

3. Robbins Acknowledged a Dual Use of the Property in the 2008 Appraisal

In the 2008 Appraisal Robbins evaluated the property as two separate parcels. Robbins concluded that 103 acres could be developed for residential use and the remaining acreage could be used for a wetland easement. Trial Exhibit 2 at 6. Site B “is the remaining subject property” of 230.63 acres. *Id.* The 2008 Appraisal also utilizes the “Cost Approach” to evaluating the property. Robbins states in her opinion that “the Cost Approach is completed as the subject property has two land components which is best represented by the puritan sales used in this report.” *Id.* To the contrary, in her 2012 Appraisal Robbins found that there was only one land class of property. Trial Exhibit H at 9.

Robbins’ conclusion in this regard impacted the types of comparables that Robbins was willing to consider in the later report, denied the potential for development and ignored wetland mitigation banking. In effect, although Robbins clearly identified the development potential for both residential use and wetland easements in the 2008 Appraisal, the Order allows Robbins to take a 180-degree change in course with no basis to drastically reduce the per acre evaluation for her employer.

Throughout her testimony Robbins attempted to justify her schizophrenic evaluations by arguing that the market had drastically changed. However, even in her 2008 Appraisal she acknowledged that the proposed development of the property was not immediately foreseeable. She specifically stated, “The owner stated that this development will not happen until the market turns around. This development is considered in this report, but the subject is considered ‘as is’ in this valuation.” Trial Exhibit 2 at 7.

B. The 2012 Appraisal Is Based on “Poor” Market Information

The Order relies in whole upon the 2012 Appraisal. The 2012 Appraisal Cover Memorandum specifically identifies the “reliability of market information” as “poor.” *See* Trial Exhibit H at Appraisal Cover Memorandum, p. 1. In her testimony, Robbins stated that the market data for evaluation of the subject property was “very limited due to the inactivity in the area.” Trial Transcript at 31:5-6. Indeed, as reflected above, the 2012 Appraisal utilizes only two so-called comparable sales since the market downturn. The single 2012 sale that Robbins utilized was described in her testimony, however, as not being a reliable comparable. *See id.* at 58:14-59:7.

In sum, the Order relied exclusively on an appraisal opinion that identifies itself as having poor market reliability and was acknowledged by Robbins as having poor market reliability. Nonetheless, the Court refused to consider any of the enhancing factors presented by Defendants and relied only on questionable market data.

C. The 2012 Appraisal Utilizes an Incorrect Time Adjustment Mechanism

Within the 2012 Appraisal, Robbins utilizes a time adjustment factor of minus 2.1% per year on all of the sales she identified as comparable for purposes of her analysis. For example, Sale Number 2 was a sale of 158 acres for \$799,000.00 in September 2004. The per acre price for that sale was \$5,056.96. However, Robbins applied a time adjustment factor to that sale of minus 2.1%, equaling a per acre price of \$4,297.27. In sum, Robbins assumed that between September 2004 and the date of her 2012 analysis there was a consistent decline in property values of 2.1% per year. This assumption is erroneous and fatally flaws her opinion.

The calculation and assumption applied by Robbins is neither correct nor supported by the record. In both the 2008 Appraisal and the 2012 Appraisal, Robbins acknowledges a sharp increase in property values beginning with the lease of state land by Tamarack in 2003. Robbins

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER’S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 13

further acknowledges a continued increase in value through 2006. In her trial testimony Robbins corroborated this perspective by stating in 2005 and 2006 that “the market was very active, and buyers were not only in state, but out of state, mostly investors, most – most wanting to develop bare land into subdivisions for recreation, houses, cabins.” Trial Transcript at 70:3-6. According to Robbins: “In 2006 and 2007, the market has an influx of properties listed, but few sales have occurred. This represents a stabilization in the market with properties listed higher than what speculators or local purchasers can afford. The 2007 season still shows a large amount of properties on the market with no sales. The market is prone for an adjustment in prices, however, this adjustment has not yet been seen in sales as there are no sales in 2007 to show the adjustment in prices.” Trial exhibit 2 at 4.

Robbins acknowledges that there was an increase in market values from 2003 through 2006 and part of 2007. Then, Robbins acknowledges a steady market in 2007 and at least through the date of her 2008 Appraisal followed by a decline in 2008. However, despite her acknowledged increase in market values followed by a steady period, Robbins assumed in her 2012 Appraisal a steady decline of 2.1% from 2004 to the date of her opinion. The analysis is mathematically flawed and inconsistent with Robbins’ testimony and reports.

D. The 2012 Appraisal Ignores Value-Enhancing Characteristics

1. Airstrip

The testimony of Mr. Miller reveals the purpose of Lake Cascade Airpark. In sum, Lake Cascade Airpark was created for the single purpose of acquiring the Lake Cascade Airstrip, an agricultural easement on Lake Cascade and the property adjoining the airstrip, which is actually the subject of this foreclosure lawsuit. *See generally* Trial Transcript at 86-87. That property was acquired solely because it was adjacent to the landing strip and provided an opportunity to

develop residential properties containing aircraft hangers to be marketed to the aviation

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER’S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 14

community. *See id.* at 88:18-89. This development plan was acknowledged in the 2008

Appraisal where Robbins stated:

The conceptual masterplan on this property is for an equestrian park with trails on open space and large building sites consisting of 36 sites altogether on the 103 acres. There will be a landing strip on the property with some homes having the option to have an air barn for their planes. The county, state and Bureau of Reclamation (who owns the 100 ft easement of the lake and regulates the lake) are in approval of this future development.

Trial Exhibit 2 at 7.

The obvious reasoning behind the property acquisition from both the owners' perspective and the 2008 Appraisal relied nearly exclusively on the property's proximity to an operative airstrip. At trial, Mr. Miller testified that the landing strip is in operational condition and can be used by aircraft and that the strip is insured through a state blanket policy. Trial Transcript at 110:1-16.

Despite this clear motivation, the 2012 Appraisal, by Robbins' own admission, ignores the very existence of the airstrip. None of the comparables were evaluated based upon the airstrip's proximity, and Robbins did not take the airstrip into consideration in any way in her analysis with regard to development potential or whether the airstrip could enhance the value of the property. In contrast, the Court refused to consider Mr. Miller's testimony that the airstrip was a significant enhancing factor for the value of the property. *Id.* at 98:16-99:5.

2. Conditional Annex into the North Lake Recreational and Sewer District

Robbins' appraisal assumed without any foundation or support that the high water table would prevent development because of sewer/septic system difficulties. In fact, the property has already been conditionally annexed into the North Lake Recreational and Sewer District. *See* Exhibit E to the Dixon Aff.

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 15

3. Cascade Lake Frontage

As fully described above, Robbins identified alleged comparables that bear very little similarity to the property being considered by the Court. In fact, none of the alleged comparables have similar lake access. As acknowledged in the 2008 Appraisal, the at-issue property is a mere 50 to 100 feet from the lake and the actual lake frontage is owned by Defendants in the form of an agricultural easement. Thus, this property has de facto lake frontage that was not considered as an enhancing factor in the 2012 Appraisal.

4. Wetland Mitigation Bank

With zero analysis, the Order ignores wetland mitigation banking as an enhancing factor to the property. The Idaho Department of Transportation actually requested that this property be developed for wetland banking. Defendants presented the testimony of James Fronk and Steven West as well as Mr. Miller to discuss the feasibility of wetland mitigation banking. Each testified that significant resources had already been extended for the purpose of developing the banking. The wetland banking process was described in full by Mr. Fronk in Trial Transcript at 119:5-120. Mr. Fronk testified that significant data for the banking proposal was already completed and that data can still be used. *Id.* at 124:17-125. Both Mr. Fronk and Mr. West testified that this property is uniquely suited, unlike any other property in the region, to be used for wetland banking. *Id.* at 123:5-124:5 and 139:16-19. Mr. West, the Principal of Centra Engineering, a company involved in environmental engineering stated “My conclusion was that that particular property is almost singularly unique in its ability to provide a wetland banking solution for properties or projects needing a wetlands bank service or scenario. *Id.* Further, Mr. Fronk testified that it would cost \$50,000.00 to \$75,000.00 and would take approximately one year to complete the banking project. *Id.* at 126:16-21. Mr. Fronk finally testified that following completion of the mitigation banking procedure, the credits can be sold for \$25,000.00 per tenth

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER’S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 16

of an acre. In addition, a feasibility study was completed by an outside engineer establishing the value and potential for the wetland banking. *Id.* at 121:12-122:6; *See also* Exhibit F.

In her testimony, Robbins acknowledged that she has no basis or background for evaluating wet land mitigation banking. Specifically, when asked “when is the last time you appraised a piece of property that had wetlands mitigation credits available,” Robbins responded “I don’t think I ever have.” Trial Transcript at 60:22-25. However, Robbins took it upon herself to testify that the use was not feasible and the Court accepted this foundationless testimony. The Court erred in relying upon such testimony.

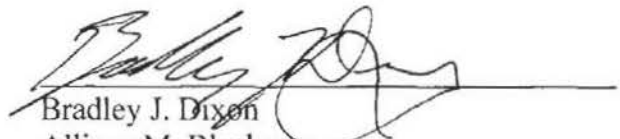
Despite this significant testimony, the Order ignored the potential enhancing value of the wetland credits, contrary to the weight of the evidence.

V. CONCLUSION

Based on the foregoing, Defendants request that the Court conclude that the Order was not supported by the evidence and enter an order finding that the property at issue in this litigation is properly evaluated at \$4.5 million consistent with the testimony of Mr. Miller. In the alternative, Defendants request that this Court order a new trial on the issue of property value.

DATED: November 9, 2012.

STOEL RIVES LLP



Bradley J. Dixon
Allison M. Blackman

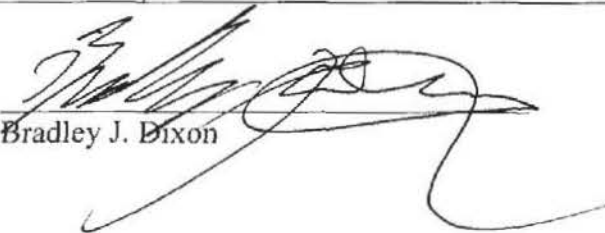
*Attorneys for Defendants Lake Cascade
Airpark, LLC and Donald and Candace Miller*

**MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND
CANDACE MILLER’S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND
CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 17**

CERTIFICATE OF SERVICE

I hereby certify that on November 9, 2012, I served a copy of the foregoing **MEMORANDUM IN SUPPORT OF DEFENDANTS LAKE CASCADE AIRPARK, LLC AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL** on the following, in the matter indicated below:

<p>Ron Kerl COOPER & LARSEN, CHARTERED 151 North Third Avenue, Second Floor P.O. Box 4229 Pocatello, ID 83205-4229 Facsimile: (208) 235-1182</p> <p><i>Attorney for Northwest Farm Credit Services, FLCA</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Brian F. McColl WILSON & McCOLL 3858 N. Garden Center Way, Ste. 200 P.O. Box 1544 Boise, Idaho 83701-1544 Facsimile: (208) 384-0442</p> <p><i>Attorney for David A. Buich and Karen L. Buich</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Judge Thomas F. Neville Ada County Courthouse 200 W. Front Street Boise, Idaho 83702 Facsimile (court): (208) 287-7569 Email: dcnevilt@adaweb.net</p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>


Bradley J. Dixon

MEMORANDUM IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PARTIAL FINDINGS AND CONCLUSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL- 18

Bradley J. Dixon, ISB No. 6167
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 STOEL RIVES LLP
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 Boise, ID 83702
 Telephone: (208) 389-9000
 Facsimile: (208) 389-9040

ARCHIE N. BANBURY, CLERK
 By *W. Perry* Deputy

NOV 13 2012

Case No. _____ Inst. No. _____
 Filed _____ A.M. _____ P.M.

Attorneys for Defendants Lake Cascade Airpark, LLC
 and Donald and Candace Miller

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff,

v.

LAKE CASCADE AIRPARK, LLC an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants.

Case No. CV 2012-33-C

**AFFIDAVIT OF BRADLEY J. DIXON IN
 SUPPORT OF DEFENDANT LAKE
 CASCADE AIRPARK AND DONALD
 AND CANDACE MILLER'S MOTION
 TO ALTER OR AMEND PRATIAL
 FINDINGS AND CONCLUSSIONS AND
 ALTERNATIVE MOTION FOR NEW
 TRIAL**

STATE OF IDAHO)
) ss:
 County of Ada)

Bradley J. Dixon, being first duly sworn upon oath, states as follows:

**AFFIDAVIT OF BRADLEY J. DIXON IN SUPPORT OF LAKE CASCADE AIRPARK AND
 DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PRATIAL
 FINDINGS AND CONCLUSSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL - 1**

1. I am an attorney at Stoel Rives LLP and counsel of record for Defendant Lake Cascade Airpark and Donald and Candace Miller. I make this affidavit based upon my own personal knowledge.

2. Attached hereto as **Exhibit A** is a true and correct copy of the May 12, 2008 Appraisal prepared by Susan Robbins, Senior Appraiser, prepared for NWFCS Ontario Office on May 15, 2008.

3. Attached hereto as **Exhibit B** is a true and correct copy of the Reporter's Transcript of Proceedings in Case No. CV-2012-33-C for the trial held on September 25, 2012 before Honorable George D. Carey, Senior District Judge.

4. Attached hereto as **Exhibit C** is a true and correct copy of the May 30, 2012 Appraisal prepared by Susan Robbins, ARA.

5. Attached hereto as **Exhibit D** is a true and correct copy of the Partial Findings and Conclusions filed in chambers on September 26, 2012 at 5:55 p.m. signed by Honorable George D. Carey, Sr. Dist. Judge.

6. Attached hereto as **Exhibit E** is a true and correct copy of a letter dated November 8, 2012, to Lake Cascade Airpark LLC, Attention Mr. Don Miller from Bill Eddy, District Manager, North Lake Recreational Sewer & Water District.

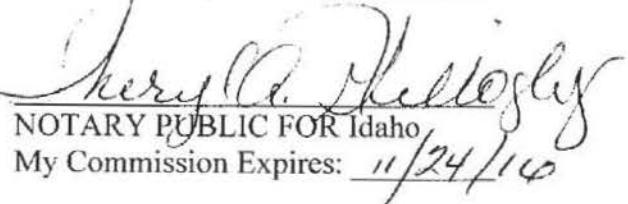
7. Attached hereto as **Exhibit F** is a true and correct copy of the July 2, 2007 Preliminary Feasibility Study Summary of Findings of the Lake Cascade Airpark Property, prepared by Kevin F. Noon PhD.

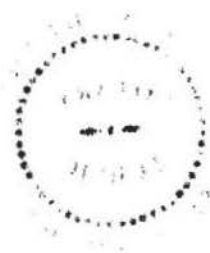
DATED: November 7, 2012.


Bradley J. Dixon

SUBSCRIBED AND SWORN TO before me this 9th day of November, 2012.




NOTARY PUBLIC FOR Idaho
My Commission Expires: 11/24/14



CERTIFICATE OF SERVICE

I hereby certify that on November 7, 2012, I served a copy of the foregoing **AFFIDAVIT OF BRADLEY J. DIXON IN SUPPORT OF DEFENDANT LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PRATIAL FINDINGS AND CONCLUSSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL** on the following, in the matter indicated below:

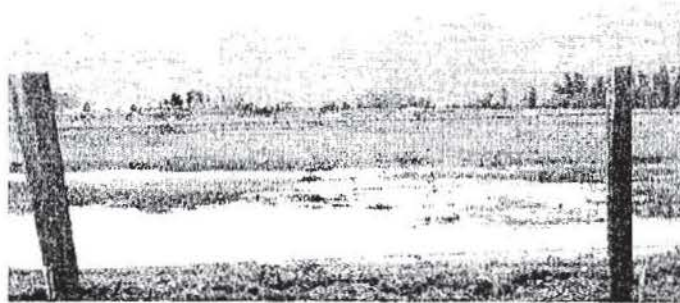
<p>Ron Kerl COOPER & LARSEN, CHARTERED 151 North Third Avenue, Second Floor P.O. Box 4229 Pocatello, ID 83205-4229 Facsimile: (208) 235-1182</p> <p><i>Attorney for Northwest Farm Credit Services, FLCA</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Brian F. McColl WILSON & McCOLL 3858 N. Garden Center Way, Ste. 200 P.O. Box 1544 Boise, Idaho 83701-1544 Facsimile: (208) 384-0442</p> <p><i>Attorney for David A. Buich and Karen L. Buich</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Judge Thomas F. Neville Ada County Courthouse 200 W. Front Street Boise, Idaho 83702 Facsimile (court): (208) 287-7569 Email: dcnevilt@adaweb.net</p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>


 Bradley J. Dixon
*Attorney for Defendants Lake Cascade Airpark,
 LLC and Donald and Candace Miller*

AFFIDAVIT OF BRADLEY J. DIXON IN SUPPORT OF LAKE CASCADE AIRPARK AND DONALD AND CANDACE MILLER'S MOTION TO ALTER OR AMEND PRATIAL FINDINGS AND CONCLUSSIONS AND ALTERNATIVE MOTION FOR NEW TRIAL - 4

EXHIBIT A

Lake Cascade Airpark Property



Lake Cascade Airpark LLC
South of Donnelly
Valley County, Idaho
333.63 Acres
May 12, 2008

Prepared For:

NWFCS
Ontario Office

Intended User:

NWFCS

Prepared By:

Susan Robbins
Senior Appraiser
IDAHO CERTIFIED GENERAL APPRAISER 196
16034 Equine Drive, Nampa, Idaho 83687

Date Prepared:

May 15, 2008



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Uniform Agricultural Appraisal Report

Owner/Occupant: <u>Lake Cascade Airpark, LLC</u>	Total Deeded Acres: <u>333.63</u>
Property Address: <u>Old State Road</u>	Effective Unit Size: <u>333.63</u>
State/County: <u>Idaho / Valley</u>	Zip Code: _____
Property Location: <u>S of Donnelly</u>	Property Code #: _____
Highest & Best Use: <u>Multiple Use - Agricultural</u> "As If" Vacant	FAMC Comd'ty Gp: _____
<u>Multiple Use - Agricultural</u> "As Improved"	Primary Land Type: <u>Pasture Timber</u>
Zoning: <u>Multiple Use</u>	Primary Commodity: <u>Recreation</u>
Unit Type: <input type="checkbox"/> Economic Sized Unit <input type="checkbox"/> Supplemental/Add-On Unit	
FEMA Community # _____ FEMA Map # _____ FEMA Zone/Date: _____	
Legal Description: _____ SEC <u>10</u> TWP <u>15N</u> RNG <u>3E</u> Attached <input checked="" type="checkbox"/>	
Purpose of Report: <u>Estimate the Current Market Value in an "AS IS" Condition</u>	
Use/Intended User(s): <u>NWFCS and their assigns</u>	
Rights Appraised: <u>Fee Simple</u>	
Value Definition: _____ Attached <input checked="" type="checkbox"/>	
Assignment: <u>Summary</u> Report Type: <u>Summary</u>	
Extent of Process/Scope of Work: See next page...	

Summary of Facts and Conclusions

Date of Inspection: <u>05/12/08</u>	Effective Date of Appraisal: <u>05/12/08</u>														
Value Indication - Cost Approach: - - - - - \$ <u>5,141,040</u> - Income Approach: - - - - - \$ _____ - Sales Comparison Approach: - - - - - \$ _____															
Opinion of Value: <u>(Estimated Marketing Time 6-12 months)</u>	\$ <u>5,140,000</u>														
Cost of Repairs: \$ _____	Cost of Additions: \$ _____														
Allocation: <table border="0" style="width: 100%;"> <tr> <td>Land: \$ <u>5,140,000</u></td> <td>\$ <u>15,406</u> / Acre (<u>100</u> %)</td> </tr> <tr> <td>Land Improvements: \$ _____</td> <td>\$ <u>0</u> / (<u>0</u> %)</td> </tr> <tr> <td>Structural Improvement Contribution: \$ _____</td> <td>\$ <u>0</u> / Acre (<u>0</u> %)</td> </tr> <tr> <td>Non-Realty Items: \$ _____</td> <td>\$ <u>0</u> / (<u>0</u> %)</td> </tr> <tr> <td>Leased Fee Value (Remaining term of encumbrance _____) \$ _____</td> <td>\$ <u>0</u> / (<u>0</u> %)</td> </tr> <tr> <td>Leasehold Value: - - - - - \$ _____</td> <td>\$ <u>0</u> / (<u>0</u> %)</td> </tr> <tr> <td colspan="2" style="text-align: right;">Overall Value: \$ <u>15,406</u> / Acre (<u>100</u> %)</td> </tr> </table>		Land: \$ <u>5,140,000</u>	\$ <u>15,406</u> / Acre (<u>100</u> %)	Land Improvements: \$ _____	\$ <u>0</u> / (<u>0</u> %)	Structural Improvement Contribution: \$ _____	\$ <u>0</u> / Acre (<u>0</u> %)	Non-Realty Items: \$ _____	\$ <u>0</u> / (<u>0</u> %)	Leased Fee Value (Remaining term of encumbrance _____) \$ _____	\$ <u>0</u> / (<u>0</u> %)	Leasehold Value: - - - - - \$ _____	\$ <u>0</u> / (<u>0</u> %)	Overall Value: \$ <u>15,406</u> / Acre (<u>100</u> %)	
Land: \$ <u>5,140,000</u>	\$ <u>15,406</u> / Acre (<u>100</u> %)														
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Non-Realty Items: \$ _____	\$ <u>0</u> / (<u>0</u> %)														
Leased Fee Value (Remaining term of encumbrance _____) \$ _____	\$ <u>0</u> / (<u>0</u> %)														
Leasehold Value: - - - - - \$ _____	\$ <u>0</u> / (<u>0</u> %)														
Overall Value: \$ <u>15,406</u> / Acre (<u>100</u> %)															

Income and Other Data Summary: <input checked="" type="checkbox"/> Cash Rent <input type="checkbox"/> Share <input type="checkbox"/> Owner/Operator <input type="checkbox"/> FAMC Suppl. Attached	
Income Multiplier _____ ()	Income Estimate: \$ <u>0.00</u> / _____ (unit)
Expense Ratio _____ %	Expense Estimate: \$ <u>5.05</u> / _____ (unit)
Overall Cap Rate: _____ %	Net Property Income: \$ <u>-5.05</u> / _____ (unit)

Area-Regional-Market Area Data and Trends:

	Above Avg.	Avg.	Below Avg.	N/A
Value Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Property Compatability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effective Purchase Power	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Desirability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Subject Property Rating:

	Above Avg.	Avg.	Below Avg.	N/A
Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Soil Quality/Productivity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improvement Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compatibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rentability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Appeal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Property Rating	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Additional Comments

PROBLEM IDENTIFICATION

The appraiser has considered this assignment and has developed a Scope of Work necessary to produce credible opinions and conclusions of value based on the subject property and market characteristics, outside influences, and needs of the client. The appraiser has concluded that this Scope of Work is what would be expected of intended users or the appraiser's peers for similar assignments. If not identified elsewhere in the report, the following disclosure is provided to ensure that intended users will understand the Scope of Work performed.

EXTENT TO WHICH THE PROPERTY WAS IDENTIFIED: The following property identification information was provided to the appraiser:

- Legal description
- Aerial Map

EXTENT TO WHICH TANGIBLE PROPERTY WAS INSPECTED: The property was inspected on May 12, 2008 by the appraiser. The extent of visual inspection and inventory is identified as:

- Physical access to all parcels making up the subject property
- Property boundaries (corners, potential encroachments, etc.)

TYPE AND EXTENT OF DATA RESEARCHED: The following data was considered or researched;

- Northwest Farm Credit Services (area demographic and economic information, market information, etc.)
- Farm Service Agency (acreage breakdown, aerial photos, program enrollment, etc.)
- Courthouse (assessments data, building inventories, maps, etc.)
- Soils maps

- Inspection of all comparable sales from the public roadway unless otherwise disclosed in this section

TYPE AND EXTENT OF ANALYSIS APPLIED TO ARRIVE AT CREDIBLE OPINIONS AND CONCLUSIONS:

- The effect on use and value of land use regulations (zoning, etc.)
- The relevant legal, physical, & economic factors to the extent necessary to support the highest & best use conclusion
- Cost Approach N/A
- Income Approach N/A
- Sales Comparison Approach
- Prior history of the property (all sales within 3 years, current listings/options/agreements as of the date of appraisal)
- Reconcile the quantity and quality of data available and analyzed within each approach used
- Reconcile the applicability or suitability of the approaches used

SPECIAL CONSIDERATIONS:

- Hypothetical Conditions (that which is contrary to what exists but is supposed for the purpose of analysis)
- Extraordinary Assumptions (an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions and conclusions)
- The Scope of Work has been developed and appraisal completed for the sole and specific needs of the identified intended users. Northwest FCS and the appraiser are not responsible for the unauthorized use of this report.

CLIENT: The client of this report and their assigns.

PURPOSE OF REPORT: The "purpose" in this assignment is to develop and provide the property, market, analysis and value information in a report that responds to the requirements stated or referenced in the engagement letter. The purpose of the appraisal report is to estimate the current market value of the subject property, including the fee simple rights.

FEE SIMPLE: The appraisal report is valued in a "fee simple" valuation in the assumption that the property is free and clear and not encumbered. Fee simple ownership includes the greatest number of rights that can be lawfully owned; the right to sell, lease, to use, to give away, to encumber or the right to refuse to exercise these rights. These rights carry four governmental restrictions; police power, escheat, taxation and eminent domain. The property rights includes the deeded land and water rights.

COMPETENCY: The appraiser is competent to complete this assignment based on the appraisal knowledge and experience and familiarity of the area and the type of property. The appraiser is an associate member of a national appraisal institute (American Society of Farm Managers and Rural Appraisers) working on completion for accreditation. The appraiser has kept up with continuing education requirements for state certification as a "General Certified" appraiser under Idaho CGA #196 and Oregon Certification #000603.

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Area-Regional Boundary: North Central and western portion of Idaho located in northern portion of Valley County. The area is more specifically in the Cascade and Donnelly communities, south of McCall and north of Cascade, Idaho.

Major Commodities: This area is a mixture of ranch properties, recreation, commercial and cabin sites. The valley affords irrigated pasture ground that has not been developed and used for grazing, cattle predominately.

Off Property Employment: Above Avg. ☐ Avg. ☒ Below Avg. ☐ N/A ☐
Unlikely ☐ Likely ☐ Taking Place ☐
Change in Economic Base: ☒ ☐ ☐
From Multiple Use
To

On and Off Property:

	Up	Stable	Down
Value Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sales Activity Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Employment Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Market Availability:

	Under Supply	Balanced	Over Supply	No Influence
Cropland Units:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Livestock Units:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recreational Tracts:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Forces of Value: (Discuss social, economic, governmental, and environmental forces.)

Social: Valley County lies about 60 miles north of Boise (State Capitol) the largest city of Idaho. Valley County consists of 2,354,048 acres. Current population of the county is 7,858, an increase of 28% since 1990. Employment was timber, but has changed to recreation. The influence of residential subdivisions for recreational properties has increased over the past year. The resort town of McCall and the creation of the new ski resort, Tamarack, has elevated values above that of the historic agricultural based land values as well as residential lots. This influence is more on properties around Lake Cascade and Payette Lake. These areas have seen more demand due to the aesthetics, hunting and recreation and speculators purchasing larger tracts (over 30 acres) with potential for development. Valley County consists of smaller cities such as Cascade (County Seat), McCall and Donnelly. Schools for the subject's area are located in McCall. McCall is located on Payette Lake, a large recreational lake that has a ski resort, Brundage northwest of McCall, golf courses as well as the recreation from the lake. This town has seen an increase in population due to the demand for recreational properties, both in-state and out of state. Most new development are for second homes with some retired people purchasing for their retirement homes. State Highways 55 as well as gravel and paved county roads provide the major transportation to this area. McCall and Cascade have municipal airports.

(Continued)

Exposure Time: 6-12 months. (See attached definition and discussion)**Specific Market Area Boundaries:** North Central part of Idaho in north portion of Valley County. Donnelly and Cascade areas have similar values in this market.**Market Area:**

Type

Value Trend

Sales Activity Trend

Population Trend

Development Trend

Rural

☒

Up

☒☒☒☒

Suburb

☐

Stable

☐☐☐☐

Urban

☐

Down

☐☐☐☐**Market Area:**

Property Compatability

Effective Purchase Power

Demand

Development Potential

Desirability

Above Avg.

☒☒☒☒☒☒

Avg.

☐☐☐☐☐☐

Below Avg.

☐☐☐☐☐☐

N/A

☐☐☐☐☐☐**Analysis/Comments:** (Discuss positive and negative aspects of market area.)

Positive: Valley County, more specifically Donnelly area is located in valley land between the Boise Mountains. The area has been known for its timber production, ranch operations as well as recreational properties along the Lake Cascade and Payette. These lake areas have been under ownerships since early 1900s with a mixture of State leased cabin sites and private ownership, US Forest Service timber ground and BLM ownerships. Lake Cascade (alias Cascade Reservoir) is mainly private ownership with some BLM, State and Forest service ground. In 2003, Tamarack Resort leased State land and purchased a large amount of private ground to establish a new four season resort. This caused speculators to purchase sites around the lake. The buyers will hold the property in its agricultural use until the market dictates its highest and best use for subdivision development. Properties with any size that is currently agricultural use will have this development influence in the purchase price. These values are reflective in the comparable sales used in this report. Even with the buyers having this type of speculation or motivation, agriculture is still the current use of these irrigated pasture properties until the market dictates their future development. Tamarack has increased the employment in the area, once depressed due to Boise Cascade closing mills and selling timber properties. (Cont.)

AREA DESCRIPTION (Cont.)

SOCIAL (Cont.)

Valley County was the fastest growing county in Idaho in 2006, adding 6.3 percent in population, according to population estimates released by the U.S. Census Bureau. The Census Bureau estimated there were 8,836 people living in Valley County on July 1, 2006 compared with an estimated population of 8,310 on July 1, 2005, an increase of 526 residents in one year. The county's leading growth rate was followed in 2006 by Canyon County, with a 5 percent increase during the year, and Teton County, which saw a rise of 4.6 per cent. Ada County came in fourth place with a 3.9 percent increase. The Census Bureau also provided the list of fastest-growing counties since the last official census in 2000. Valley County was the sixth fastest growing county during that time, with a 15.5 percent increase between 2000 and 2006.

Because of the growth in this valley, there have been added pressures on municipal utilities such as water and sewer. There is a moratorium on sewer hookup with no new hookups permitted in McCall. New development approved by the Planning and Zoning would include properties having the capability to support septic systems or sewer systems developed in the project. The area affords a high water table due to the amount of snowfall and rain. Some properties can not meet septic requirements due to this high water table. These all affect the market value on properties that are considered for development. Typically, speculators are purchasing bare land tracts, sizes over 30 acres, for future development. These properties are considered to be "held" in their agricultural use until market demands their change in use to development. The properties must be approved for "perk" or septic system capability before the P&Z will approve any building sites.

ECONOMIC (Cont.) Major employment is provided by State, Federal and private businesses. US Forest Service, BLM and State Department of Lands manages most of the timber land plus major portions of Cascade and Payette Lakes. Domestic as well as agricultural land construction needs are available in Boise, McCall and Cascade. Because of the increase demand for recreational and lake front properties, owners are selling their properties and building in other areas of the valley. This puts increase demand on the less attractive properties that do not have the lake or timber aesthetics and appeal. These properties are generally the valley bottom lands that were once irrigated pasture.

Tamarack Resort has increased the demand for recreation properties and speculation for development. This is a four-season resort on Forest Service and State land based on West Mountain, west of Lake Cascade and southwest of Donnelly. There are fourteen lifts, 30 passenger gondola, mountain biking trails, golf course along the lake and upscale resort town with houses, cottages and condominiums. Tamarack add to the employment base of the valley. In February, 2008, Tamarack declared bankruptcy, which stopped the development of some of the retail, hotel and condos in that resort. The effect of this bankruptcy or possible sale of the resort is unknown to the area. It is known that several of the cabins around the lake that were listed have not sold and values may start to decline on these properties. No new 2008 sales were found similar to the subject that would show a decline or stabilization of land values.

GOVERNMENTAL/ENVIRONMENTAL: Valley County Planning and Zoning controls the county zoning. The immediate area along Highway 55, north of Lake Fork can have commercial zoning, according to the P&Z. This influences the subject property. Zoning allowance of building sites, whether commercial or residential depends upon the properties ability to "perk".

No environmental concerns, known to the appraiser, in Valley County or this immediate area. Water rights are in the Lake Fork Irrigation District. The appraiser did not investigate the septic (perk) availability to have septic system due to the high water table.

POSITIVE AND NEGATIVE INFLUENCES (Cont.)

Along with increased values and population, cities have been strained to meet the increasing demands on their water and sewer systems.

In 2006 and 2007, the market has an influx of properties listed, but few sales have occurred. This represents a stabilization in the market with properties listed higher than what speculators or local purchasers can afford. The 2007 season still shows a large amount of properties on the market with no sales. The market is prone for an adjustment in prices, however, this adjustment has not yet been seen in sales as there are no sales in 2007 to show the adjustment in prices. Most properties are being purchased for their development potential. The area affords view of the high timbered mountains with scenic appeal. Most of these sales afford astounding views of the mountains or Lake Cascade. All these influences in this market is taken into consideration when determining the value for this property.

Additional Comments

VALLEY COUNTY AND COMMUNITY

The towns of McCall, Donnelly and Cascade provide commodity and domestic needs to this area. Because of the growth, there are more commercial businesses and support for housing development moving into the area. The labor housing has increased in demand, however, there is little affordable housing. Most houses and cabins are marketed as second homes and recreation.

There are several golf courses with planned subdivisions surrounding the courses in the area. The new Jug Mountain Resort provides golfing, club house and subdivisions with view of the mountains and golf course. This is approximately 2 miles north of the subject. Tamarack Golf Course has development within the Resort as well as the golf course area on West Mountain, southwest of the subject. Whitetail Golf Course in McCall and northwest of the subject, has building lots around the resort and course. Meadow Creek in New Meadows (northwest of McCall) has various lots and houses for sale around the course. These lots have moved quickly in 2004-05 but the market has stabilized and few lots are being sold in 2006-07. Tamarack has also seen lot sales slow down in 2006-07. The lots along Lake Cascade also have been selling for higher prices, especially if there is lake frontage or view of the lake. 2007 has seen a stabilization in the market for these lot sales.

Because of the increase in values in 2006-07, taxes on "second homes" or recreational properties has increased drastically. Families that have had these houses for several years are making the decision to sell because of the taxes and increased market values. This has also affected the housing and recreational values with supply being higher and demand starting to slow down.

The Planning and Zoning also has tried to keep up with developers and to meet their long term plans for the communities. Developers trying to get approvals on their plans are starting to meet with public resistance and the subdivisions are not being approved. The time to submit a subdivision and development plan is increasing due to these factors.

The Valley area consists of three major towns, Cascade (County Seat), Donnelly and McCall. Donnelly is the smallest town and provides minimal domestic needs. Donnelly is approximately 4 miles south of the subject. County roads provide access. These roads are maintained and open year around with snow removal. Some of the gravel county roads east and west of Highway 55 are seasonal roads and not open during the winter months. Subdivisions provide their own snow removal with association fees to pay for such services.

Employment in this area includes Brundage Ski Resort, Cascade and McCall School Districts, Forest Service, State Department of Lands, McCall Memorial Hospital and Valley County. Employment for Tamarack has declined since filing for bankruptcy.

The subject property is located in an undeveloped area south of Donnelly on Old State Road (county paved). This is the main access road running north and south. Lake Cascade is approximately 100 feet from the easement point on the subject property, and Tamarack is directly across the lake from this property. Most properties in this area are irrigated pasture land with livestock (mainly cows) grazing. These fields are fenced and cross fenced for cattle containment. Topography is mainly level to some undulating on the hillsides. North of the subject has a hillside with subdivision development. Highway 55 is the main north and south transportation for Idaho and lies east of the subject property.

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Property Description: (Location, use and physical characteristics) The subject property is an odd shaped tract of land. The subject consists of a large parcel and a small 2.06 acre parcel on the west central side and close to the lake. Access to the property is via Kantola Road (county gravel road) with Old State Road forming the east boundary. The subject is a mixture of irrigated pasture with some willow trees. There is a ditch that runs from the north towards the southeast, draining into the lake. This is used mainly for irrigation. There is also a creek (ditch) that runs along the western portion from north to south. There is a dirt road off of Kantola Road called Downey Lane, that runs through the subject property, providing limited seasonal access. The property is level to slightly sloping and soils are conducive to irrigated pasture grasses. The property is fenced and crossed fenced for cattle grazing. The views on this property are of West Mountain to the west, and the Boise Mountain Range to the east. The property would have some limited access during winter months but access is reasonable. The access to the lake, 2.06 acres, end approximately 50 to 100 feet from the lake. This land around the lake is owned by the same individuals but is not valued in this report. Overall the property is considered to be good condition and marketable.

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Site A	103.00		(30.9%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Site B	230.63		(69.1%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Contiguity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	FEMA Zone/Date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Building Location	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Deeded Acres	333.63	Total Units	0.00 (100 %)					

Comments: Site A is the subject's 103 acres that is considered to be developable and not put in a wet land easement. This acreage is can be developed and would not be influenced by the wet land. Site B is the remaining subject property. This is verified with county records, total of 333.63 acres is assessed (less roads). The legal description describes 332 acres total. For purposes of this report, the county records is considered as acreage size in this report. This excludes the roads which would not be valued for purposes of this report.

Land Improvements:	Above Avg.	Avg.	Below Avg.	N/A
Domestic Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Livestock Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Roads	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drainage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Water Rights: ☐ No ☒ Yes ☐ Supplement Attached
Mineral Rights: ☐ No ☒ Yes ☐ Supplement Attached

Comments: Mineral rights do not affect the value of the surface rights in this area and are not appraised. Water rights are discussed in this report and are valued with the bare land.

Topography:	Level	Un- dulat- ing	Roll- ing	Slop- ing
Site A	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Site B	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Topography	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Soils Description: Soils are detailed in the addendum section of this report. The soils are more appurtenant to the land for development than agricultural uses. Soils were tested for perk with limited ability for septic system on the subject.

Soil Quality/Production: ☐ Above Avg. ☒ Avg. ☐ Below Avg. ☐ N/A ☐ Supplement Attached

Climatic: 20 " Annual Precipitation 4899 ' to 4900 ' Elevation 125 Frost-Free Days
Utilities: well Water X Electric Septic Sewer Gas at Road Telephone
Distance To: 7 Schools 12 Hospital 12 Markets 0 Major Hwy. 7 Service Center
Easements/Encroachments: (Conservation, Utility, Preservation, etc.) No easements were noted on the legal description.
 Easement investigation was not determined by title search. Easements were not visually found on the subject.
Hazards and Detriments: See next page..

Subject Property Description (Cont.)

According to the owner, there are 8 plans proposed for future development, a 36 single family lots, 10 casitas with an equestrian center, clubhouse, pool and tennis courts, 142 lots with clubhouse. Variations include mix of single family lots and cottage-size lots. There are no zoning approvals in place at this time.

The property owner is in the process of designating the wetlands area as a wetlands mitigation bank. It is unknown what impact this will have on development. It is likely that housing would have to be away from any wetland designated areas. This may or may not have a diverse impact on this property.

According to a map, there are approximately 108 acres that can be developed on the west portion of the property. The east portion is in a 100 year flood plain and is projected to be listed in the wet land mitigation bank. However, the engineer for the owner indicated that the entire property can be developed. For purposes of this report, it is being appraised as 332 acres of site, compared to similar properties in this area.

Water Rights:

There is a domestic water PERMIT #65-23059 for domestic and fire protection on the NESW in Section 10 for 600 homes covering 4.46 cfs. The priority date is 4/17/06 under Lake Cascade Airpark LLC. This is in permit stage and is not a water license.

The subject property is under Center Irrigation District with approximately 410 total acres assess to the owner and an estimated 330 acres on the subject. The appraiser attempted to contact the irrigation district secretary and messages were left, plus a verification letter sent, but no response.

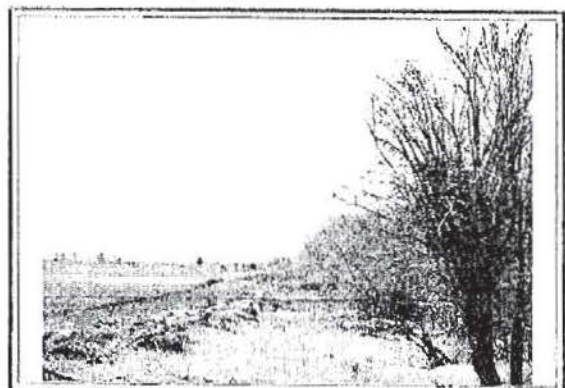
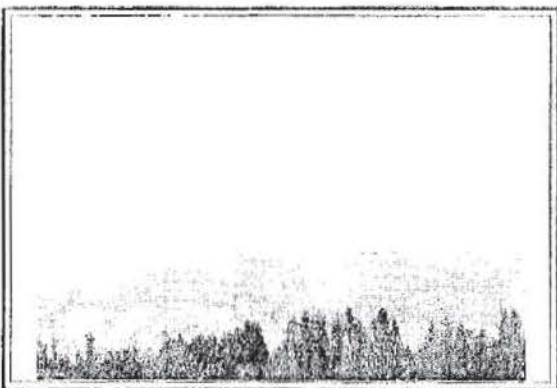
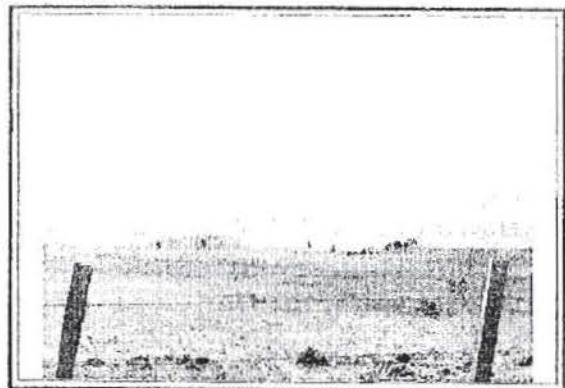
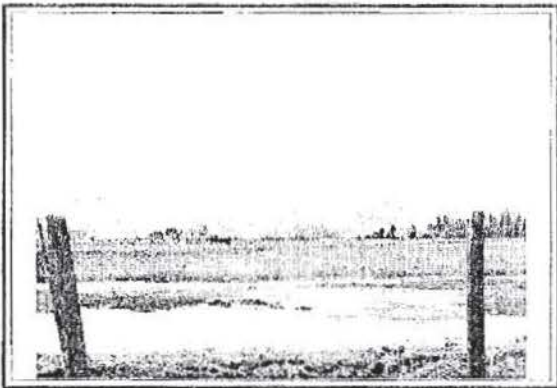
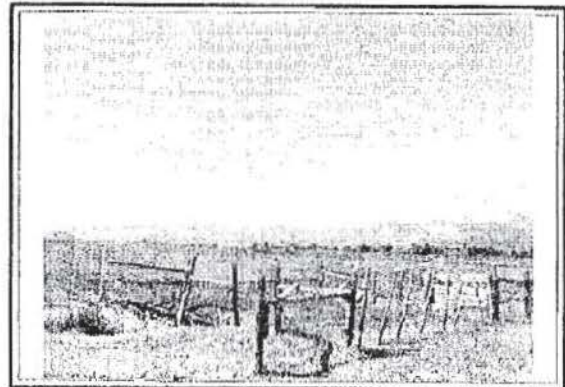
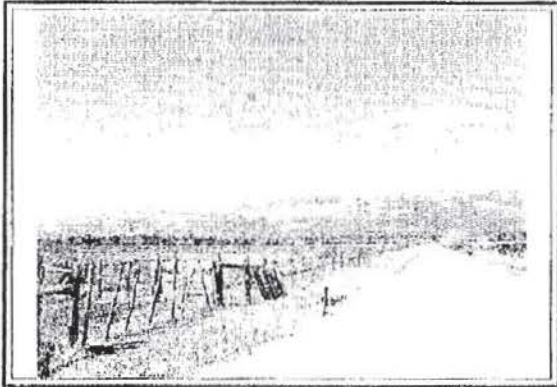
Hazards & Detriments

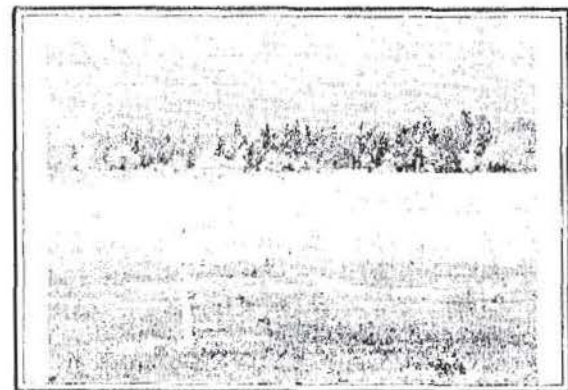
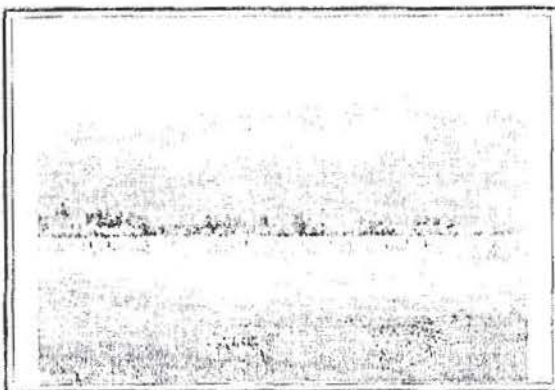
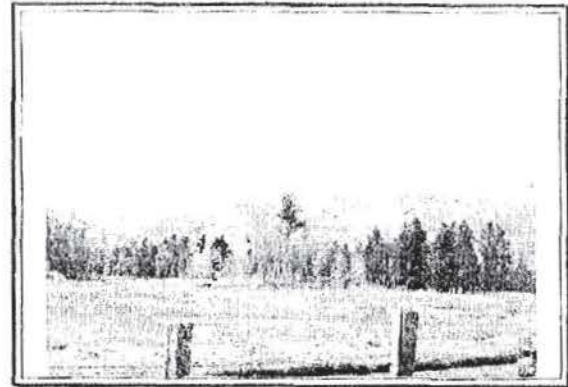
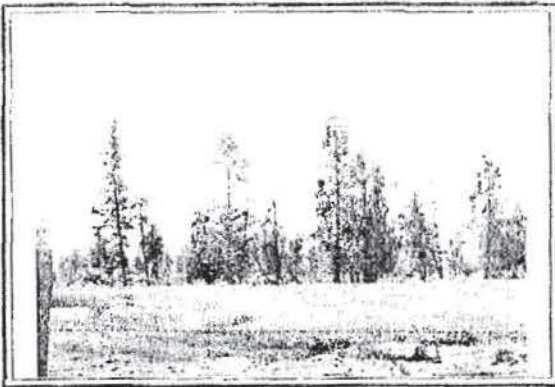
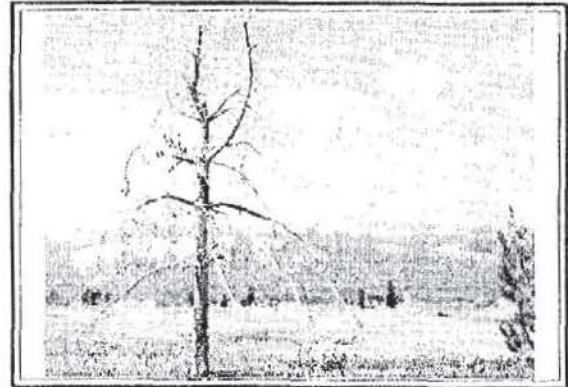
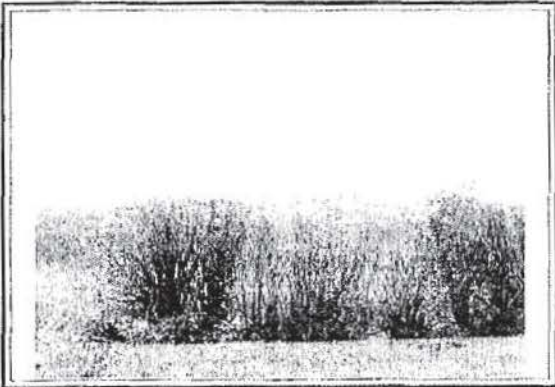
The appraiser did not observe any obvious environmental or hazardous concerns a typical of a grazing operation. However this appraiser is not trained as an environmental expert and does not know if, in fact, environmental or hazardous conditions exist on the subject property. The appraiser's observation is limited to reasonably apparent and accessible conditions and do not include hidden, latent conditions or those in inaccessible areas. The appraiser was not provided with a current environmental supplement completed by the owners.

The appraiser is unaware of what stage in the process of getting this property subdivided. The appraiser is not responsible for any litigation on this process, nor is the appraiser responsible or liable for any determination of the status of this subdivision proposal. All information obtained from the P&Z is considered to be correct.

Wet Land Mitigation Bank: This wet land bank is through the Idaho Transportation Department. When ITD develops a road through wet lands, they must put that area of wet lands onto another property. ITD will credit and pay for credits to an owner of land that will put their wet land bank on their property. The owner of this property was contacted for such an agreement. The owner is planning on using the wet land areas for his open space in his development. Each item created in the wetlands will be credited with monetary return. Because open space is essential to a development, and the wet lands is conforming to the area and the development, this is not a detriment to the property. It is unknown when this agreement will take place. The property is valued in an "as is" condition but the wet land areas are considered in the valuation of this property. The wet land areas are described in the map located in the addendum section that also shows the development plan on this property. The wet land area is located on Site B.

Development Plans: The conceptual masterplan on this property is for an equestrian park with trails on open space and large building sites consisting of 36 sites altogether on the 103 acres. There will be a landing strip on the property with some homes having the option to have an air barn for their planes. The county, state and Bureau of Reclamation (who owns the 100 ft easement of the lake and regulates the lake) are in approval of this future development. The owner stated that this development will not happen until the market turns around. This development is considered in this report, but the subject is considered "as is" in this valuation.





Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

<input type="checkbox"/> Ownership Longer Than 3 Years	Owner	Recording/Reference	Date	Price Paid	Terms
Previous:				\$	
Present:				\$	
Currently: <input type="checkbox"/> Optioned	<input type="checkbox"/> Under Contract	Contract Price:	\$		
Buyer:	<input type="checkbox"/> Currently Listed	Listing Price:	\$		Listing Date:

The subject was purchased in 2006 for \$18,040,000 on 332.54 acres. This was based on \$55,000 per acre on 328 acres with 50% down and 50% on contract at 8.5% over 5 years.

Current Zoning: Multiple Use Zoning Conformity: ☒ Yes ☐ No
 Zoning Change: ☒ Unlikely ☐ Probable To:

Comments: Due to the information obtained from the P&Z, the probability of rezoning to include 600 house sites on this property is unlikely. Due to the flood zone, wet lands and high water table disallowing the ability to perk on this property housing development may be limited. The owner's engineer indicated that the total acreage could be subdivided.

Tax Basis:	Assessment Year	2007	Forecast:
<input checked="" type="checkbox"/> Agricultural	Land	\$ 227,240	Current Tax \$ 2,000
<input type="checkbox"/>	Building(s)	\$	Estimated/Stabilized \$ 2,000
<input type="checkbox"/>		\$	Or (333.63 Ac.) = \$ 5.99 /acre
Parcel #: See Addendum	Total Assessed Value	\$ 227,240	Trend: <input checked="" type="checkbox"/> Up <input type="checkbox"/> Down <input type="checkbox"/> Stable

Comments: Taxes are currently being assessed higher due to increases in value for land and improvements. This increase is considered to remain in the future.

Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

Analysis: (Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)

The highest and best use of this property is its current use, multiple use which includes agriculture and recreation. Four elements are considered when determining the highest and best use of a property. Legal Use: The property is zoned multiple use which is its current and highest and best use of this property. This use allows for single family dwellings as well as agricultural uses. Physical Use: The property has an irrigation ditch supplying water to the various fields. Physical location from Highway 55, Cascade and Donnelly makes this property desirable for recreation uses. The property has no timber but some willow trees for protection. There is lake access to Lake Cascade from this property. Financially Feasible/Maximally Productive: As discussed in the market area, the typical buyer in this area is looking for speculation for future subdivision. Because of the zoning on this property, agricultural use with some future building sites (limited) is more of the financially feasible and maximally productive uses. For purposes of this appraisal report, the highest and best use is considered to be multiple use as reflected from the sales used in this report. This highest and best use considers the property as vacant and as improved.

Highest and Best Use: "As if" Vacant Multiple Use - Agricultural
 "As Improved" Multiple Use - Agricultural

Discussion: As vacant, the highest and best use is limited to recreation and agriculture purposes with limited building sites. The wet land mitigation bank may have some impact on Site B. As improved, the sites would be developed for recreation uses only on the land outside the flood plain and wetland areas.

Valuation Methods: ☒ Cost Approach ☐ Income Approach ☐ Sales Comparison Approach
 (Explain and support exclusion of one or more approaches) Three approaches to value are considered in this appraisal report. The Cost Approach is completed as the subject property has two land components which is best represented by the puritan sales used in this report. This approach considers the land value based on comparable bare land sales comprised of similar land classification. The Income Approach is not completed as the benefits derived from the agriculture and recreation uses of this property are not considered by the typical buyer in this market. The sales comparison approach is not necessary to complete as the same sales would be duplicated in the cost and this approach. The premise and applicability of the cost approach is described in the approach comments. Strengths and weaknesses of the approach and the methodology that the approach relied upon to derive the final estimate of value are described in the this report.

Property Comments

MARKET CONSIDERATION:

The comparable sales are near the subject, considered to have agriculture and multiple use influences. For purposes of this appraisal report, and considering the highest and best use of this property, the following sales used are comparable to the subject property, representing a wide market range for properties with similar type of demand and enhancements as the subject property. The sales used demonstrated a value for each component of the subject's land base. The market has stabilized with no new sales found in 2007 and 2008 which are directly comparable to the subject. One sale in 2007 was negotiated in 2006 but closed in 2007. The sales used are dated in 2003 to 2006. There is no time adjustment as there is no indication (sales) of a downward trend in this market. There are indicators such as listings found that tends to indicate that there are no buyers, but prices have yet dropped.

The following page is a summary of the MLS for Valley County. In this report, there are three sales that are considered to be similar to the subject's irrigated pasture land. Two are not as comparable, one on Herrick Road south of the subject's area in Round Valley; the other in Lake Fork on the Lake Fork Creek, north of Donnelly and south of McCall. These two sale represent \$16,000 to \$12,500 per acre. Zoning is similar as well as wet lands and perk issues. The most comparable listing is in Donnelly, north of the subject and is listed at \$29,000 per acre. This has just been put on the market in 2008. The other listings and sold properties are below the subject's value with the sells being 2003 and 2005 sales. When comparing the subject's Site A and Site B land values with these listings, the range of \$16,000 per total acre total and \$29,000 per acre for Site A is considered to be similar to the subject. These are listings and not considered in the final analysis for this property.

DOM (days on market) indication from this summary on the next page is 255 days. One sale was sold at 635 days, which seems to be more reflective of this market, due to its recreation risk. For purposes of this appraisal report, the marketing time would be around 6-12 months and expose time 6-12 months in this area.

The appraiser is aware that development properties in outlying bedroom communities in the Treasure Valley have decreased in value with little market activity on development properties for 2007 and 2008. There appears to be some drop in values on agricultural land being marketed as development potential properties. There are buyers but they are waiting for the market to bottom out before purchasing. This may be a parallel to the Valley County development potential market. If the buyers are not willing to pay more than \$25,000 per acre on ag properties with development potential, it is reasonable to assume that they would not pay that much on recreational properties.

These factors are taken into consideration in the Cost Approach analysis.

MLS Summary Report for Valley County

Status	Class	Type	Price Range	No. of Listings	Dollar Volume	Average Price	Median Price	Average DOM	Date	Size Acres	Location	\$/Acre		
Active	Land	Agricultural	\$1,000,000 - \$1,004,999	1	\$1,000,000	\$1,000,000	\$1,000,000	113		80	Herrick Rd	\$12,500		
			\$2,390,000 - \$2,394,999	1	\$2,392,000	\$2,392,000	\$2,392,000	83	80	Donnelly	\$29,900			
			<u>Sub Total</u>	2	<u>\$3,392,000</u>	<u>\$1,696,000</u>	<u>\$1,696,000</u>	<u>98</u>						
			Recreation	\$315,000 - \$319,999	1	\$319,900	\$319,900	\$319,900	467	80	High V	\$3,999		
		\$345,000 - \$349,999		1	\$349,000	\$349,000	\$349,000	284	112	FC Wild	\$3,116			
		\$700,000 - \$704,999		1	\$700,000	\$700,000	\$700,000	502	94	FC Wild Yellow pine	\$7,447			
		\$995,000 - \$999,999		1	\$995,000	\$995,000	\$995,000	11	335		\$2,970			
		<u>Sub Total</u>		4	<u>\$2,363,900</u>	<u>\$590,975</u>	<u>\$524,500</u>	<u>316</u>						
		Other	\$1,200,000 - \$1,204,999	1	\$1,200,000	\$1,200,000	\$1,200,000	111	75	Lake Fork	\$16,000			
			\$2,615,000 - \$2,619,999	1	\$2,618,000	\$2,618,000	\$2,618,000	379	238	High V	\$11,000			
			<u>Sub Total</u>	2	<u>\$3,818,000</u>	<u>\$1,909,000</u>	<u>\$1,909,000</u>	<u>245</u>						
			Sold	Land	Building Lots	\$25,000 - \$29,999	1	\$26,726	\$26,726	\$26,726	70	06/09/2003	6	
		\$470,000 - \$474,999				1	\$472,600	\$472,600	\$472,600	173	02/07/2005	160		\$2,954
		<u>Sub Total</u>				2	<u>\$499,326</u>	<u>\$249,663</u>	<u>\$249,663</u>	<u>122</u>				
Recreation	\$200,000 - \$204,999	1			\$200,000	\$200,000	\$200,000	613	09/03/2003	103		\$1,942		
	<u>Sub Total</u>	1			<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>613</u>						
	<u>Grand Totals</u>				11	<u>\$10,273,226</u>	<u>\$933,930</u>	<u>\$700,000</u>	<u>255</u>					

Cost Approach (Sales 1-5)

[illegible]

Cost Approach (Sales 6-10)

Item: Sale #6 6 Sale #7 7 Sale #8 3 Sale #9 5 Sale #10

Grantor	Conf	Conf	Conf	Conf	
Grantee	Conf	Conf	Conf	Conf	
Source	Appraiser	RE Agent	Appraiser	appraiser	
Date	07/05	11/03	01/06	06/05	
CEV Price	665,000	521,456	480,000	1,250,000	
Deeded Acres	46.10	40.00	60.58	156.92	
Location	Lake Fork	Donnelly	Rosenberry/Donnelly	SE of Donnelly	
Historic Allocation	X	X	X	X	X
Time Adjusted Allocation					
Acre Site A	46.10	40.00	60.58	157.00	
103.00 Allocated Value (100%)	\$ 14,425.16	\$ 13,036.40	\$ 7,923.41	\$ 7,961.78	\$ - - -
Acre Site B	0.00	0.00	0.00	0.00	
230.63 Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -
	0.00	0.00	0.00	0.00	
Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -
	0.00	0.00	0.00	0.00	
Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -
	0.00	0.00	0.00	0.00	
Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -
	0.00	0.00	0.00	0.00	
Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -
	0.00	0.00	0.00	0.00	
Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -
	0.00	0.00	0.00	0.00	
Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -
	0.00	0.00	0.00	0.00	
Allocated Value (%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ - - -

Comments:

Cost Approach Comments

The Cost Approach is defined as a set of procedures in which the appraiser derives a value indication by utilizing area land sales to estimate a value for the subject land base and then estimating the current cost to reproduce or replace the existing structures, deducting for accrued depreciation. This approach to valuation is based on the principle of substitution, suggesting that no prudent person will pay more for a property than the amount required to purchase a property of equal desirability and utility. The value of the various land components is extracted from sales that have similar land components to the subject. Although sales containing a single land class are typically the best indicators of the value, sales with multiple land classes can be utilized as long as the analysis is consistent. The valued land classes of five the sales used in this approach consist of irrigated pasture ground acres. The subject property was considered as two land components, with the five sales having puritans that would be comparable to each of the subject's land classification in this market area. Site A is the land that is considered reasonably developable. Site B is considered to be the area that is more in question how many acres would be suitable for development. This area the owners plan on putting a wet land mitigation bank. The sales are analyzed consistently with the market. It is best to use unimproved sales when available to reduce variables in the analysis and the five sales were unimproved at the time of sale.

The subject's land base is considered as total acres, including Site A and Site B for a total of 333.63 acres and is used in this analysis.

The land sales are compared to the subject's land base. This analysis is considered to be the most reasonable for this property as well as best representative of the market. Site A is best represented by Sales #1, #2 and #4. However, these sales do not have lake access and were in an active market. The sales are considered to represent values from 2005 and 2006 which was a very strong active market. The market summary indicates that the market has stabilized with no sales in 2007 and 2008. The appraiser feels that there should be some adjustment for the sales considered comparable to Site A due to this risk in the development market for recreation properties. Considering the listing on the summary MLS page, the \$29,000 per acre listing is comparable to the subject. This has not closed, but it does show that the sellers are becoming more realistic in their prices. The difference between this price and the sales price of Sale #2 is 24% (rounded). Sale #2 is the lowest valued sale used in comparison to Site A. The range in these sales is \$54,829 to \$37,999 per acre. These sales are smaller than the subject, but size does not seem to be a factor in the recreation development market. Using the 24% adjustment to these sales, the range would be \$41,670 to \$29,000 per acre.

DEVELOPMENT CONSIDERATION (Support to the above analysis):

Development analysis on properties similar to the subject are considered by potential buyers using the normal rule of thumb of 1/3 factor. Purchase price, expenses and return on investment would be equally divided by 1/3. The subject property has 103 acres that can be developed, 800 sites approval for water rights and remaining 230 acres is considered somewhat developable. 20% of the 103 acres would be roads and open spaces, leaving 82 acres in 1 acre lots. The typical lots on 1 acres are selling for \$400,000 to \$100,000 depending upon lake frontage, views, location and if there are trees. Because this development has no trees, nominal lake access, excellent view, open spaces, the average lot value is estimated at \$150,000 on this property. The expenses are estimated at 1/3 of this value or \$50,000. Developers would want 1/3 of the \$150,000 lot value for return on his investment leaving \$50,000 per lot for purchase price on the land. At 82 lots x \$50,000 per lot brings the total value for purchase price on the 103 acres to \$4,000,000 (rounded). This is \$38,835 per acre.

Site B on 230 acres would consider that the wet land mitigation bank would be on approximately 130 acres, leaving 100 acres intermixed with some building lots. Considering this factor, 100 acres with 20% development of roads and open spaces would leave 80 acres for development. On this 80 acres, 10 acres lots would be more fitting around wet lands to lessen the impact on the wildlife. This would leave 8 building sites. These building sites would be valued at \$200,000 to \$400,000 each with average costs at \$300,000 per lot. The developer would have 1/3 cost in development and 1/3 for return on his costs, bringing the cost to purchase the land at \$100,000 per lot. The total purchase price on the 100 acres suitable for development in this analysis is \$792,000 or \$7,920 per acre on 100 acres.

The remaining 130 acres would be considered agricultural use but would have some value in this analysis. The properties that sold in this market for around \$5000 per acre taken from sales with similar conditions. This land would be used for open spaces plus views and attributes of wildlife, etc. Considering these factors, the value at \$5000 per acre on the 130 acres brings the value to \$650,000.

Adding all three values from this development analysis, brings the Site A value at \$2,700,000 plus Site B value at \$1,442,000 (\$792,000 plus \$650,000 or 6,270 per acre) would equal \$5,440,000 (\$16,340 per total acre).

This development analysis does not take into consideration the time held in selling the lots and the return of the investment time line. This is used only as a brief support of the value determined in the cost approach analysis.

Cost Approach Comments

Sales Description:

Sale #1: This property lies close to the lake off Hereford Road and Durham Lane. The property is next to a subdivision development. The sale was negotiated in 4/06 with the buyer paying extra until closing. This is adjacent to Bureau of Reclamation land. This is proposed for a 91 lot subdivision.

Sale #2: This property is Phase 2 of Settler's Mill subdivision. It lies west of Highway 55 on Loomis Lane with no lake frontage. The property has pasture with some trees and is level. Buyer purchased for development into recreation homesites.

Sale #3: The property was split and sold 60.58 acres for \$480,000. This has level topography and is pasture land. The buyers motivation was investment and development. The property has three parcels with the seller keeping one. Shows a 15% per month increase for the 3 months it was held. This was an active market with speculators participating in the market. It is unrealistic to use this type of adjustment in this current market due to a suggested downward trend.

Sale #4: This is pasture land that is level topography with flood irrigation. There is power and phone available on highway. Property lies on State highway 55. The motivation was for future develop property. This sold overall for \$45,000 per acre.

Sale #5: This sale is approximately 2.5 miles southeast of Donnelly. The property is undulating pasture land. There are limited view on this property. The soils are Archabal loam and some Melton and Carbarton silt clay loam. There is power and phone at the road. Access is Barker Lane from Farm to Market Road. This was purchased for investment and development. The property is fenced.

Sale #6: This is southeast of Lake Fork on Farm to Market Road (approximately 2.75 miles). The property has undulating topography and is in pasture land. The soils are Archabal loam and Melton Loam. The property was purchased for investment and development. There is a 70' easement from the road on the property. 1/3 of the area below the ridge has some timber and westerly views.

Sale #7: This sale is located west of Donnelly on Roseberry Lane. Vacant land with power and telephone service. The western line of this property borders BLM land and it is within 100 feet of Lake Cascade in some areas. It is mostly rolling land that is lightly timbered. It is located northwest of Tamarack, east of Lake Cascade and West of Highway 55. Sewer may be available in the future.

Sale #8: This sale was purchased for development consisting of 135 acres located near the south end of Norwood road. The buyer and seller allocated the purchase price as 130 acres at \$60,000 and 5.5 acres of water from at \$150,000 per acre for a blended price of \$63,653 per acre. The property is a level, open meadow irrigated pasture with views of West Mountain. The 5 acres has views of Lake Cascade. Financing made this property price higher in this market.

Site A: Sales #8, #1, #2 and #4 are considered comparable to the subject. As discussed previously, these were all sold in a very active market. However, they are not as comparable as they do not have lake access. The Lower value, Sale #2 at \$37,998 per total acre, is reflective of lower end properties that sold during that time that had no trees and no lake frontage but views of the mountains. This sale is smaller than the subject property. The other two properties, sale #1 and #4, were purchased for development but also did not have lake access. Sale #1 is south of the subject's area and inferior, but is a higher sale in this market. Sale #8 is the highest valued property at \$63,650 per acre, and has similar aspects as the subject. This sale is also comparable to the Site A size.

Because of the risk involved in this current market and considering that there are no new sales to determine if this market is declining, and there is a recent listing on property in the area at \$29,000 per acre, it is the appraiser conclusion that a range of \$29,000 to \$37,000 per acre is more reasonable on this 103 acres. The value of \$32,000 per acre considers the downward trend, the risk involved in this property as well as the development potential on the 103 acres. \$32,000 per acre is 14% decline in value using \$37,000 per acre of Sale #2. \$32,000 per acre on 103 acres brings the value for this property at \$3,300,000 (rounded).

The appraiser is aware of a pending sale near McCall on 98 acres for \$2,800,000. This is undeveloped land and close to McCall schools and has timber. The value per acre on this sale is \$28,572 per acre.

Site B:

Sales #3 and #5 are more comparable to the Site B on the subject property at a rounded \$8000 per acre value. This brings this component of land class on the subject to \$1,845,000 (rounded).

Adding the two land components brings the total value for the subject property to \$5,140,000 (rounded) or \$15,435 per acre. The value of the subject based on the cost approach does not consider the purchase price of this property in 2006.

Reconciliation and Opinion of Value

Cost Approach - - - - - \$ 5,141,040
Income Approach - - - - - \$
Sales Comparison Approach - - - - - \$

Analysis of Each Approach and Opinion of Value:

The Cost Approach is completed in this report. The market was investigated with several sales that are older found that were slightly comparable to the land values of the subject. There were no new sales found that were comparable representing all the aspects of this property. The Cost Approach was determined to be the most reliable as it had good representation from the market on the two land components of the subject.

The Cost Approach is considered to be most appropriate when the appraised property has two land components that are reasonably valued in the bare land sales found in this area. The Cost Approach combines the contributory value of the individual components of land. The contributory value of the land is estimated from a comparison of the subject property land classes to sales with land of similar quality. The strength of this approach is there were numerous of bare land sales to support the land value for this property. The weakness of this approach is that there were no new sales to show the market trend for this area. The approach also analyzed the market as to development costs and return of investment to the developer. This was a brief summary of the analysis, but supported the value determined in this approach.

Considering all these factors and what the market influences are for the subject property, a value of \$5,140,000 is a reasonable market value for the subject.

Opinion Of Value - (Estimated Marketing Time 6-12 months, see attached)		\$ 5,140,000
Cost of Repairs	\$ _____	
Cost of Additions	\$ _____	
 Allocation: (Total Deeded Units: 333.63)		
Land:	\$ 5,140,000	\$ 15,406 / Acre (100 %)
Land Improvements:	\$ _____	\$ 0 / (0 %)
Structural Improvement Contribution:	\$ _____	\$ 0 / Acre (0 %)
 Value Estimate of Non-Realty Items:		
Value of Personal Property (local market basis)	\$ _____	
Value of Other Non-Realty Interests:	\$ _____	
Non-Realty Items:	\$ _____	\$ 0 / (0 %)
Leased Fee Value (Remaining Term of Encumbrance)	\$ _____	\$ 0 / (0 %)
Leasehold Value	\$ _____	\$ 0 / (0 %)
Overall Value	\$ 5,140,000	\$ 15,406 / Acre (100 %)

Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
 - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
 - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
 - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
 - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser. This report was prepared for the client's use at the client's sole discretion within the framework of the function stated in the report and its use for any other purpose is beyond the scope contemplated in the appraisal.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. **EXCLUSIONS.** The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. **DEPARTURE RULE.** The DEPARTURE RULE of the Uniform Standards of Professional Appraisal Practice (USPAP) permits limited exceptions to specific requirements provided the exceptions, in the judgment of the appraiser, will not confuse or mislead the client or intended users of the report. If the DEPARTURE RULE is invoked, the Appraiser(s) have advised the client that the scope of this assignment is not so limited as to mislead or confuse and that the limitations are disclosed in the report. Explanation for invoking the USPAP DEPARTURE RULE has been disclosed in the appropriate sections of this report.
16. The Appraiser(s) liability is limited to the fee charged for the report and professional services.
17. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
18. Other Contingent and Limiting Conditions:

This appraisal has been prepared for the sole and specific needs of Northwest Farm Credit Services. To the extent any third party relies upon or uses this appraisal, Northwest Farm Credit Services and the person making this appraisal hereby disclaim any liability for the contents herein and for any changes that may have occurred since the date of the appraisal.

Additional Comments

LIMITING CONDITIONS (Cont.)

- 1) Access to the subject property is via a paved county road, Old State Road and a seasonal use dirt road, Kantola Road. Highway 55 is one mile east of the property. There is access from this highway to the property.
- 2) Water rights were found on this property. There is a domestic water PERMIT #65-23059 for domestic and fire protection on the NESW in Section 10 for 600 homes covering 4.46 cfs. The priority date is 4/17/06 under Lake Cascade Airpark LLC. There is a ditch on the property that provides water to the subject.
The subject property is under Center Irrigation District with approximately 410 total acres assess to the owner and an estimated 330 acres on the subject. The appraiser attempted to contact the irrigation district secretary and messages were left, plus a verification letter sent, but no response.
- 3) The appraiser is knowledgeable and competent to complete this appraisal assignment.
- 4) No environmental concerns nor hazards were noted on this property. The site has no atypical concerns noted.
- 5) The information provided by the Valley County Planning and Zoning is considered to be correct and accurate per the date of this report. Any change in zoning or approval of the plat for subdivision after the date of this report does not reflect this current value, as the valuation is based on the information provided as of the date of this report.
- 6) Extraordinary Assumptions was considered for the acreage breakdowns used in the analysis. USPAP defines this as: "An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions and conclusions."

MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

Market value means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming neither is under duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what they consider their best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. 12 CFR Part 614

EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time of 6-12 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to **precede** the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period **after** the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 6-12 months.

Comments: Marketing time for this property would be 6-18 months with exposure time of 6-12 months. This is based on the current market conditions in the area.

Appraiser Certification

I certify that, to the best of my knowledge and belief:

1. the statements of fact contained in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions;
3. I have no (or the specified) present or prospective interest in the property that is the subject of this report, and no (or the specified) personal interest or bias with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment;
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
7. the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report;
10. no one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

Others: 11. This appraisal has been prepared for the sole and specific needs of Northwest Farm Credit Services. To the extent any third party relies upon or uses this appraisal, Farm Credit Services and the person making this appraisal hereby disclaim any liability for the contents herein and for any changes that may have occurred since the date of the appraisal.

Effective Date of Appraisal: 05/12/08

Opinion of Value: \$ 5,140,000

Appraiser:

Signature: _____

Name: Susan Robbins
 License#: _____
 Certification#: Idaho Certified General Appraiser #196

Date Signed: 05/15/07

**Property
Inspection**

☒ Yes
☐ No

**Inspection
Date**

05/12/08

**Qualifications
Attached**

☒ Yes
☐ No

Appraiser has ☒ inspected ☒ verified ☒ analyzed
 the sales contained herein.

Additional Comments

Appraiser Certification - Supplement

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct,
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions, and conclusions
- I have no (or the specified) present or prospective interest in the property that is the subject of this report, and no (or the specified) personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. - my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan. - my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report (if more than one person signs the report, this certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraisal property.)
- no one provided significant professional assistance to the person signing this report. (If there are exceptions, the name of each individual providing significant professional assistance must be stated.)

Effective Date of Appraisal
5/12/08

Value Conclusion
\$5,140,000

**A
D
D
E
N
D
A**

Legal Description

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE $\frac{1}{4}$ NE $\frac{1}{4}$; S $\frac{1}{4}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$; N $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$; N $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$; and NW $\frac{1}{4}$ NE $\frac{1}{4}$;

AND

That portion of the following described land lying within the S $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$:

Being a strip of land 100.00 feet wide situate in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of Judgments at page 105 in Boise County Records.

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

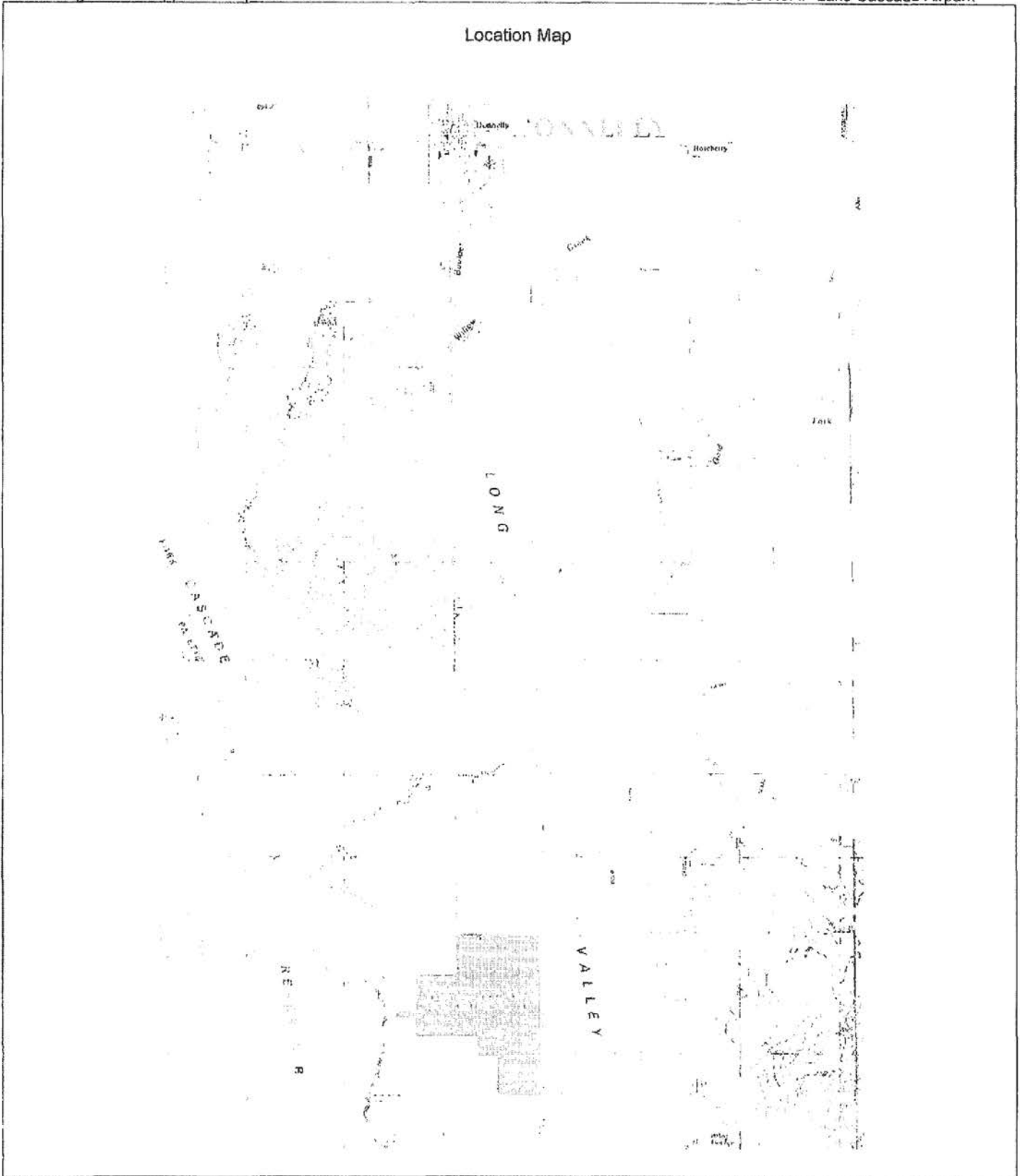
Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South $\frac{1}{4}$ corner thereof; thence northerly along a tangent to a point in the North line of said South $\frac{1}{2}$ 48 feet West from the center of said Section 10.

Excepting therefrom any portion of the above-described strip of land lying within the S $\frac{1}{2}$ of the S $\frac{1}{4}$ of said Section 10.

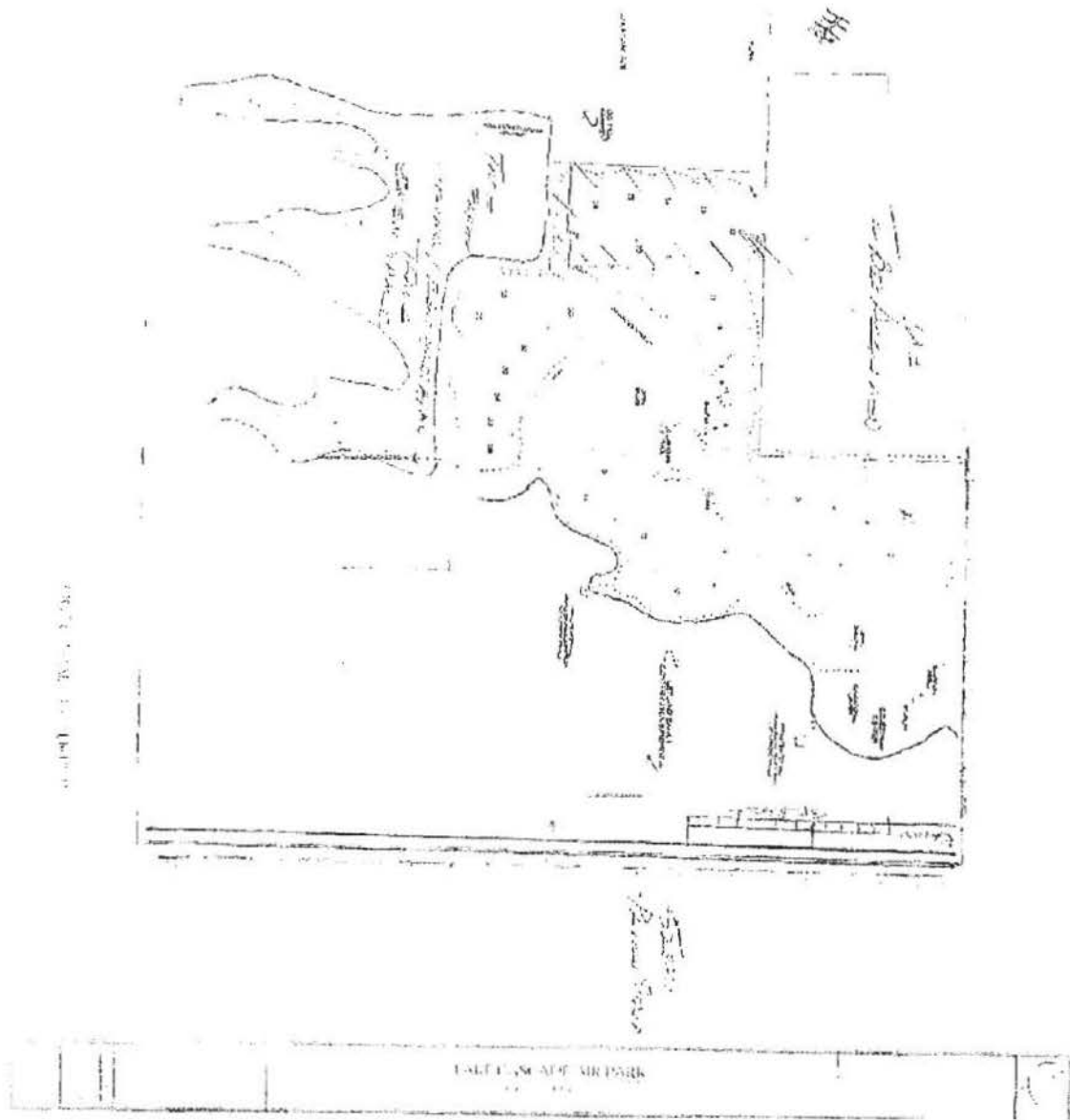
Parcel 2:

Beginning at the center of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho; Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; Thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING.

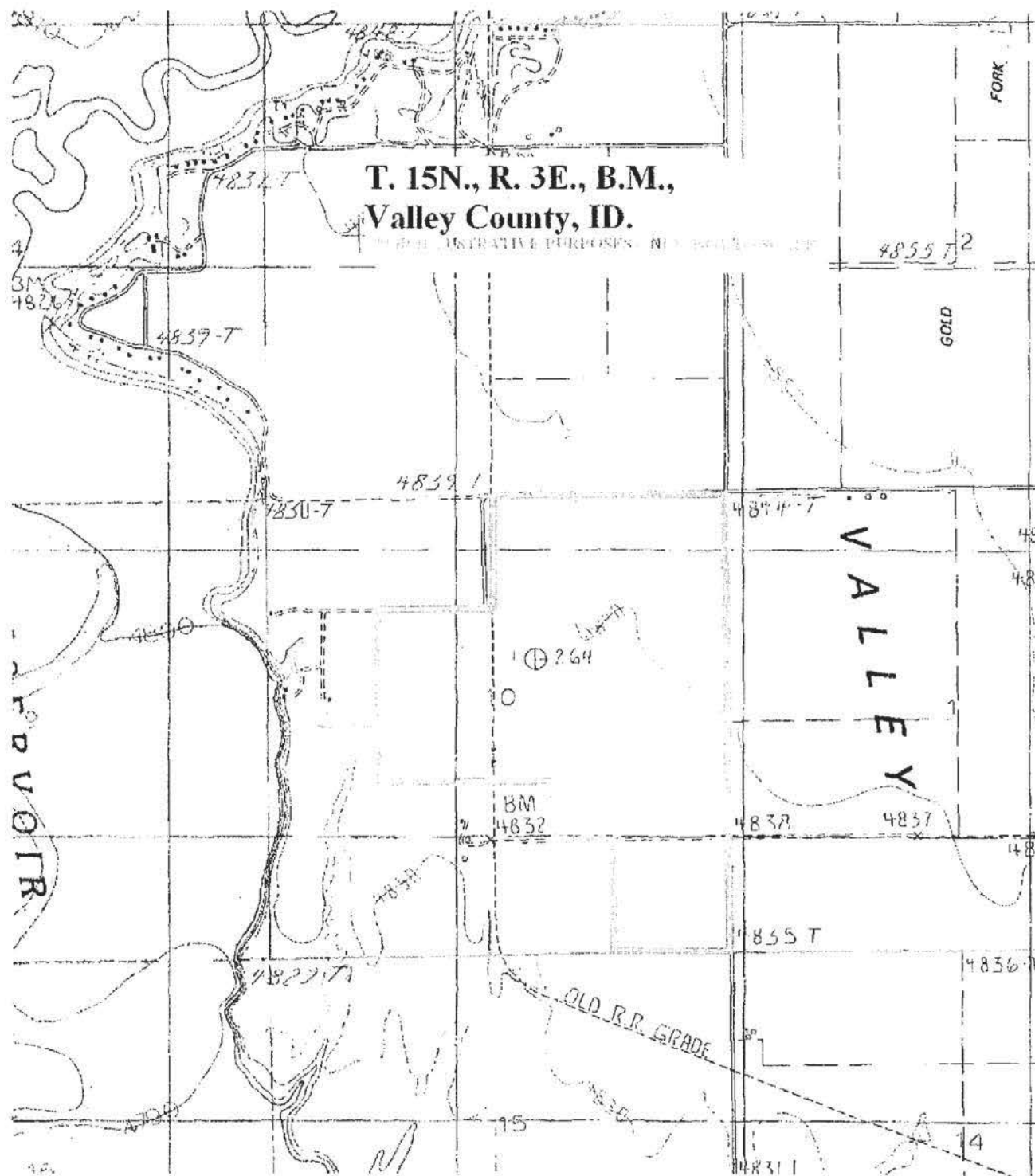
Location Map



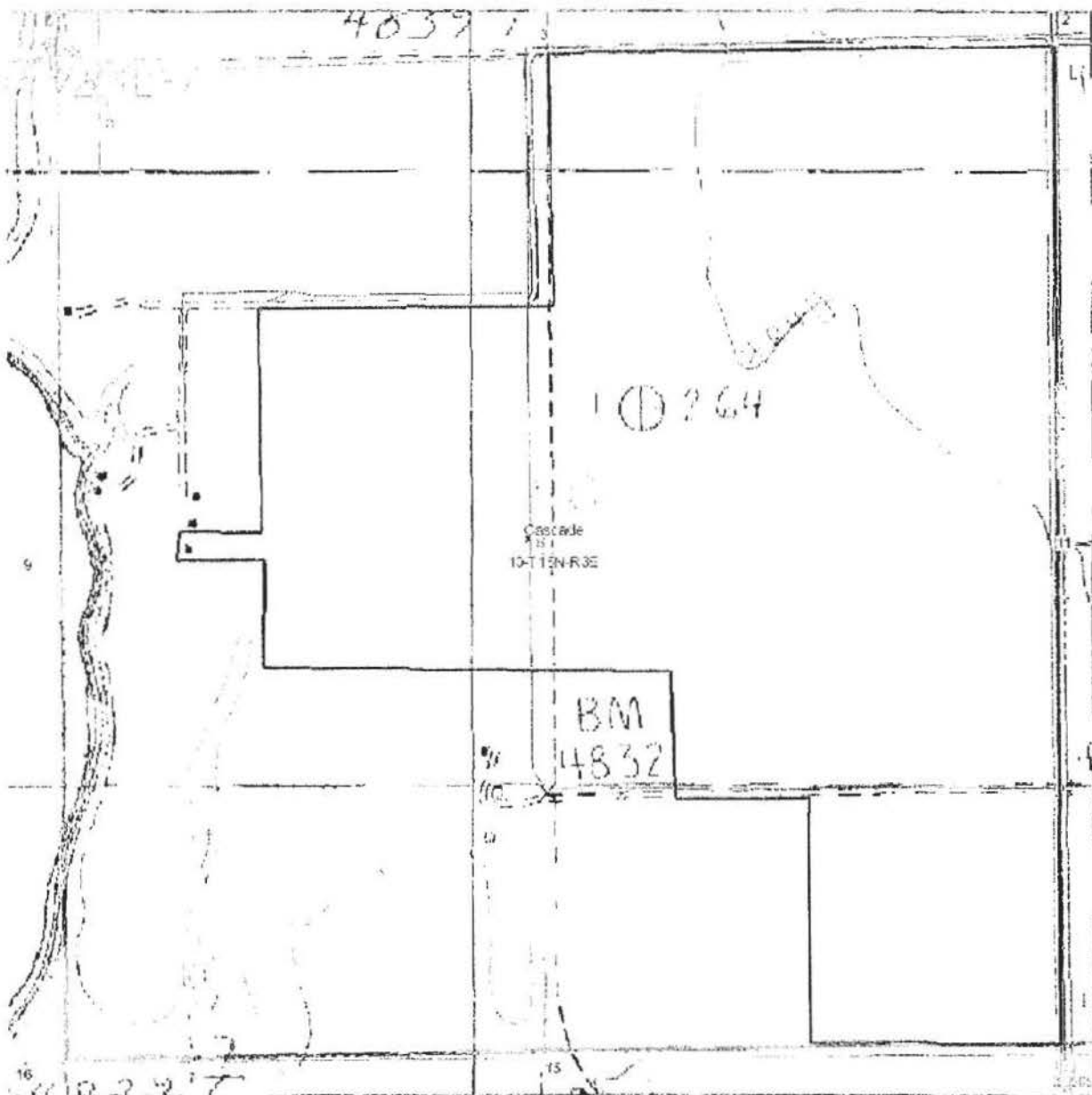
Subject Development Plans



Topography Map

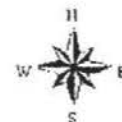


Topography Map



NAD 83 Center: 44° 38' 3.35" N 112° 4' 42.2" W
Scale: 1"=670.2'

10-15N-3E
Valley County
Idaho



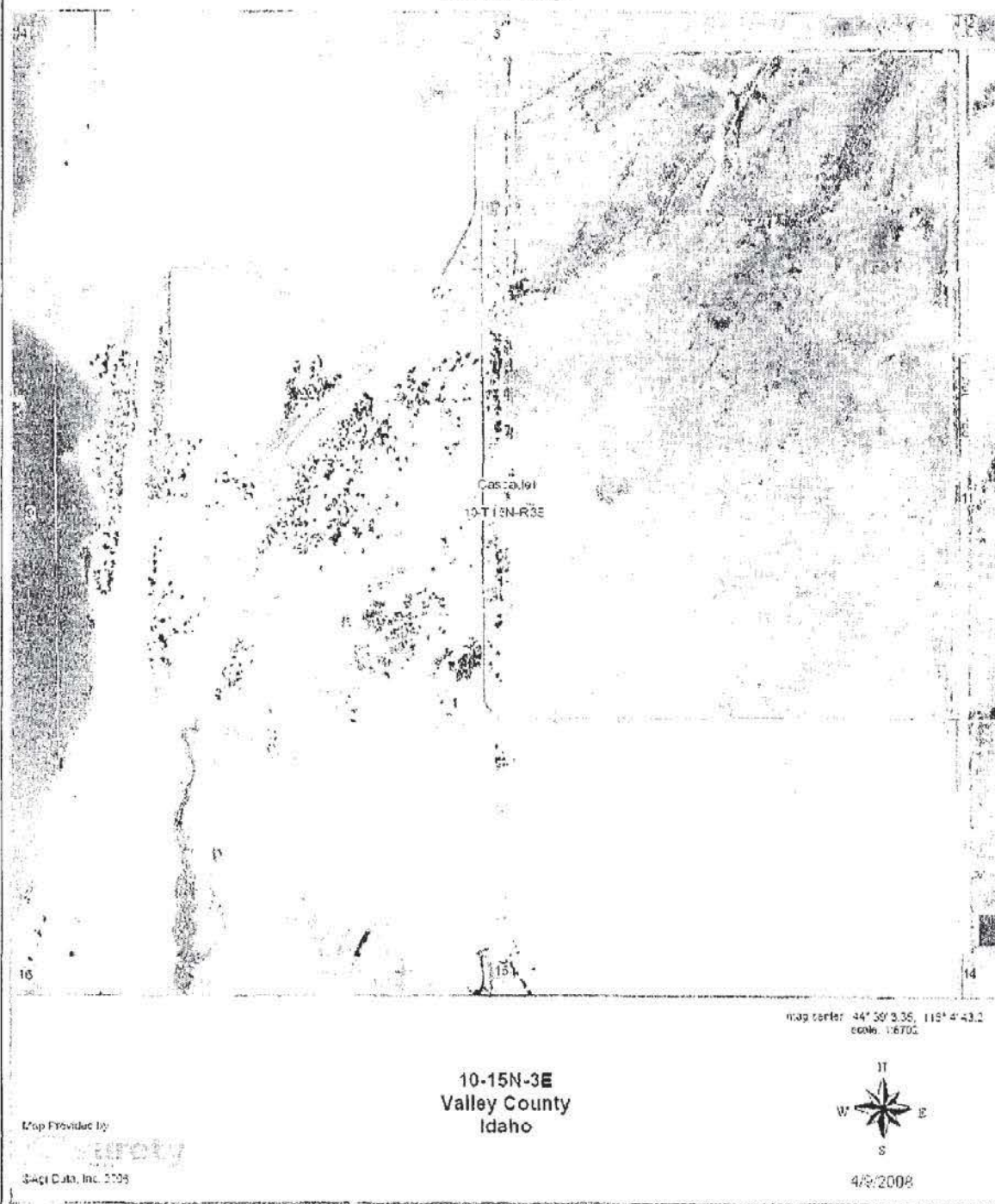
4/5/2006

Map Provided by:

Agri Data, Inc. 2006

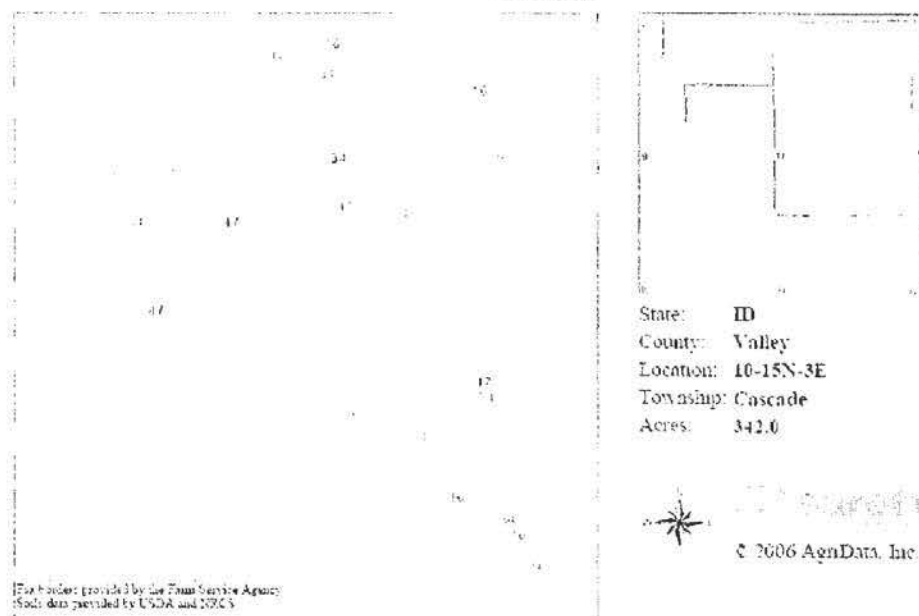
Aerial Photo

Aerial Map



Soils Map

Soils Map



Code	Soil Description	Acres	Percent of field	Non-Inv Class	Inv Class	Grass hay	Irish potatoes	Oats	Potatoes
34	Moist loam	141.4	41.3%	Inv		0	0	0	0
47	Rocky heavy coarse sandy loam	118.4	34.2%	IVw	IVw	0	0	0	0
10	Dumet sandy loam 0 to 2 percent slopes	8.2	2.4%	IVa	IVa	0	0	0	0
Weighted Average						1	0	0	0

IDAHO DEPARTMENT OF WATER RESOURCES
Water Permit Report
WATER RIGHT NO. 65-23059

Owner Type **Name and Address**
Current Owner LAKE CASCADE AIRPARK LLC
5358 E SOFTWOOD CT
BOISE, ID 83706
(208)830-6644

Representative SPF WATER ENGINEERING LLC
C/O SCOTT KING
600 E RIVER PARK LN STE 105
BOISE, ID 83706
(208)383-4140

Priority Date: 04/17/2006
Status: Active

Source **Tributary**
GROUND WATER

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
DOMESTIC	01/01	12/31	1.12 CFS	
FIRE PROTECTION	01/01	12/31	3.34 CFS	
Total Diversion			4.46 CFS	

Location of Point(s) of Diversion:

GROUND WATER NESW Sec. 10 Township 15N Range 03E VALLEY County
GROUND WATER NESW Sec. 10 Township 15N Range 03E VALLEY County
GROUND WATER NESW Sec. 10 Township 15N Range 03E VALLEY County
DOMESTIC Use:
Number of homes: 600
Place(s) of use:
Place of Use Legal Description: DOMESTIC VALLEY County

Water Right 65-23059 (continued)

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
15N	03E	9		SENE										
			10	SESE										
		10		NENE			NWNE			SWNE			SENE	
				SENE										
				SENE										
				NESW			NWSW			SWSW			SESW	
				NESE			NWSE			SWSE			SESE	

Place of Use Legal Description: FIRE PROTECTION VALLEY County

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
15N	03E	9		SENE										
			10	SESE										
		10		NENE			NWNE			SWNE			SENE	
				SENE										
				SENE										
				NESW			NWSW			SWSW			SESW	
				NESE			NWSE			SWSE			SESE	

Conditions of Approval:

1. 071 The domestic use authorized under this right shall not exceed 13,000 gallons per day per home.
2. WB5 Domestic use is for 600 homes and does not include lawn, garden, landscape, or other types of irrigation.
The Director retains jurisdiction to require the right holder to provide purchased or leased natural flow or stored water to offset depletion of Lower Snake River flows if needed for salmon migration purposes. The amount of water required to be released into the Snake River or a tributary, if needed for this purpose, will be determined by the Director based upon the reduction in flow caused by the use of water pursuant to this permit.
3. 121 Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
4. 046 Water bearing zone to be appropriated is from 200 to 600 feet.
5. After specific notification by the Department, the right holder shall install a suitable measuring device or shall enter into an agreement with the Department to determine the amount of water diverted from power records and shall annually report the information to the Department.
6. 01M Water shall not be diverted for fire protection use under this right except to fight or repel an existing fire.
7. 077

Water Right 65-23059 (continued)

8. 26A Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which the permit holder had no control.

9. 004 This right does not grant any right-of-way or easement across the land of another.

Dates:

Proof Due Date: 02/01/2012

Proof Made Date:

Approved Date: 02/13/2007

Moratorium Expiration Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Application Received Date: 04/17/2006

Protest Deadline Date: 09/25/2006

Number of Protests: 0

Field Exam Date::

Date Sent to State Off:

Date Received at State Off:

Other Information:

State or Federal:

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index #		Database #		Sale #	
Grantor	Conf	Sales Price	2,038,000	A Property Type	Recreation
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	37.17	Net Sale Price	2,038,000	C	
Mo/Yr Cur. Sale	08/07	\$/Deeded Acre	54,829.16	D	
Mo/Yr Prior Sale		Financing	Cash	E	
Prior CEV Price		% Fin. Adj.		F	
Prior Index #		CEV Price	2,038,000	G	
Analysis Code	123sr	SCA Unit Type	acre	H	
Source	Appraiser	Eff. Unit Size	37.17	I	
Motivation	Open Market	SCA \$/Unit	54,829.16	J	
Highest & Best Use	Multiple Use	Multiplier Unit		K	
State/Cnty Code	ID /	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use		M	
Area/Region	/	Pri. Commodity		N	
SEC/TWP/RGE	/ /	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved <input type="checkbox"/> Lease		
Location	Hereford Lane	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction <input type="checkbox"/> Resale		
Legal Description:	Durham Lane				

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site A	%	37.17	Ac. 54,829.16			X \$ = \$	2,038,000
Site B	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
	%		Ac.			X \$ = \$	
Totals		37.17	Ac. 54,829.16			X \$ = \$	2,038,000
CEV Price \$	2,038,000	- Land Contribution \$		2,038,000	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:						<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/>	Owner/Operator
Income Source <input type="checkbox"/> Actual <input type="checkbox"/> Estimated		Units	Unit Measure	Stabilized Yield	Total Production Stabilized \$/Unit Gross Income		Cash/Share/Owner Income Share % Income \$		
Improvements		Improvements Included in Land Rent /mo /yr							
								Stabilized Gross Income = \$	
Expense Items:			Expenses (cont.):			Expenses (cont.):			
Real Estate Tax	\$ _____			\$ _____			\$ _____		
Insurance	\$ _____			\$ _____			\$ _____		
Maintenance	\$ _____			\$ _____			\$ _____		
Management	\$ _____			\$ _____			\$ _____		
Total Expenses	_____	/ Stabilized G.I.	_____	= Expense Ratio	%	Total Expenses = \$			
Net Income		/ CEV Price	2,038,000	= Cap Rate	%	Net Income = \$			

Index #

Database #

Sale #

1

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: This property lies close to the lake off Hereford Road and Durham Lane. The property is next to a subdivision development. The sale was negotiated in 4/06 with the buyer paying extra until closing. This is adjacent to Bureau of Reclamation land. This is proposed for a 91 lot subdivision.

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index #		Database #		Sale #	
Grantor	Conf	Sales Price	600,000	A Property Type	Recreation
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	15.79	Net Sale Price	600,000	C	
Mo/Yr Cur. Sale	12/06	\$/Deeded Acre	37,998.73	D	
Mo/Yr Prior Sale		Financing		E	
Prior CEV Price		% Fin. Adj.		F	
Prior Index #		CEV Price	600,000	G	
Analysis Code	123sr	SCA Unit Type	acres	H	
Source	Appraiser	Eff. Unit Size	15.79	I	
Motivation	Open Market	SCA \$/Unit	37,998.73	J	
Highest & Best Use	Development/Rec	Multiplier Unit		K	
State/Cnty Code	ID /	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Recreation	M	
Area/Region	/	Pri. Commodity		N	
SEC/TWP/RGE	/ /	Sale:	<input checked="" type="checkbox"/> Unimproved	<input type="checkbox"/> Improved	<input type="checkbox"/> Lease
Location	N of Loomis Lane	Cost:	<input type="checkbox"/> Replacement	<input type="checkbox"/> Reproduction	<input type="checkbox"/> Resale
Legal Description: Settler's Mill - West of Hwy 55 on Loomis Lane					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site A	%	15.79	Ac. 37,998.73			X \$	= \$ 600,000
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		15.79	Ac. 37,998.73			X \$	= \$ 600,000
CEV Price \$	600,000	- Land Contribution \$		600,000	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator	
Income Source		Unit	Stabilized	Total Production	Cash/Share/Owner Income
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	
				Stabilized \$/Unit	Gross Income
					Share %
					Income \$
Improvements	Improvements Included in Land Rent			/mo	/yr
					Stabilized Gross Income = \$
Expense Items:		Expenses (cont.):		Expenses (cont.):	
Real Estate Tax	\$ _____	_____	\$ _____	_____	\$ _____
Insurance	\$ _____	_____	\$ _____	_____	\$ _____
Maintenance	\$ _____	_____	\$ _____	_____	\$ _____
Management	\$ _____	_____	\$ _____	_____	\$ _____
Total Expenses	_____ / Stabilized G.I.	_____	= Expense Ratio	_____%	Total Expenses = \$ _____
Net Income	_____ / CEV Price	600,000	= Cap Rate	_____%	Net Income = \$ _____

Index #

Database #

Sale #

2

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: This property is Phase 2 of Settler's Mill subdivision. It lies west of Highway 55 on Loomis Lane with no lake frontage. The property has pasture with some trees and is level. Buyer purchased for development into recreation homesites.

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index #	1250003119	Database #		Sale #	3
Grantor	Conf	Sales Price	480,000	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	60.58	Net Sale Price	480,000	C Cropland Qu	N/A
Mo/Yr Cur. Sale	01/06	\$/Deeded Acre	7923.41	D Pasture Qu	N/A
Mo/Yr Prior Sale	10/05	Financing	Cash	E Appraiser Branch	500 - Nampa
Prior CEV Price	400,000	% Fin. Adj.		F Year Verified	2006
Prior Index #		CEV Price	480,000	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	Appraiser	Eff. Unit Size	60.58	I Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	7,923.41	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Other	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWP/RGE	14 / 16N / 3E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<input type="checkbox"/> Lease	
Location	Rosenberry/Donnelly	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<input type="checkbox"/> Resale	
Legal Description:	Section 14:Tax 15, 16 & 17 in E1/2SE; Instr #305534 RP16N03E14655, 149755 & 149005				

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	60.58	Ac. 7,923.41			X \$	= \$ 480,000
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		60.58	Ac. 7,923.41			X \$	= \$ 480,000
CEV Price \$	480,000	- Land Contribution \$		480,000	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> X	Cash	<input type="checkbox"/>	Share	<input type="checkbox"/>	Owner/Operator
Income Source			Unit Measure	Stabilized Yield	Total Production		Cash/Share/Owner Income
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units			Stabilized \$/Unit	Gross Income	Share % Income \$
Improvements		Improvements included in Land Rent /mo /yr					
							Stablilzed Gross Income = \$
Expense Items:		Expenses (cont.):			Expenses (cont.):		
Real Estate Tax	\$ _____		\$ _____		\$ _____		
Insurance	\$ _____		\$ _____		\$ _____		
Maintenance	\$ _____		\$ _____		\$ _____		
Management	\$ _____		\$ _____		\$ _____		
Total Expenses	_____ / Stabilized G.I.	_____ = Expense Ratio _____ %			Total Expenses = \$ _____		
Net Income	/ CEV Price 480,000	_____ = Cap Rate _____ %			Net Income = \$ _____		

Index # 1250003119

Database #

Sale # 3

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: The previous sale occurred in 2005 for \$400,000 with 77 acres (3080). The property was later split and sold 60.58 acres 1/06 for \$480,000. This has level topography and is pasture land. The buyers motivation was investment and development. The property has three parcels with the seller keeping one. Shows a 9.42% per month increase.

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index #	1250003074	Database #		Sale #	4
Grantor	Conf	Sales Price	4,431,690	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	98.48	Net Sale Price	4,431,690	C Cropland Qu	N/A
Mo/Yr Cur. Sale	02/05	\$/Deeded Acre	45000	D Pasture Qu	N/A
Mo/Yr Prior Sale		Financing	Other	E Appraiser Branch	500 - Nampa
Prior CEV Price		% Fin. Adj.		F Year Verified	2006
Prior Index #		CEV Price	4,431,690	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	Appraiser	Eff. Unit Size	98.00	Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	45,221.33	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Other	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWP/RGE	10 / 16N / 3E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<input type="checkbox"/> Lease	
Location	1/4 mile north of Donnelly	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<input type="checkbox"/> Resale	
Legal Description: Section 10: Tax 100 in W1/2NE and 48.482 acres in SWNE and NWSE RP16N03E100604 and part of RP16N03E101265, Inst 297471 - 50 acres and 304838-48.482 Acres 2/05 contract date deferred closing 50 acres July 11/05 balance 48.482 acres 1/12/06.					

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	98.00	Ac. 45,221.33			X \$	= \$ 4,431,690
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		98.00	Ac. 45,221.33			X \$	= \$ 4,431,690
CEV Price \$	4,431,690	- Land Contribution \$		4,431,690	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator		
Income Source <input type="checkbox"/> Actual <input type="checkbox"/> Estimated		Units	Unit Measure	Stabilized Yield	Total Production Stabilized \$/Unit Gross Income	Cash/Share/Owner Income Share % Income \$
Improvements	Improvements Included in Land Rent /mo /yr					
						Stabilized Gross Income = \$
Expense Items:		Expenses (cont.):		Expenses (cont.):		
Real Estate Tax	\$ _____	_____	\$ _____	_____	\$ _____	
Insurance	\$ _____	_____	\$ _____	_____	\$ _____	
Maintenance	\$ _____	_____	\$ _____	_____	\$ _____	
Management	\$ _____	_____	\$ _____	_____	\$ _____	
Total Expenses	_____	/ Stabilized G.I.	_____	= Expense Ratio	_____%	Total Expenses = \$
Net Income	_____	/ CEV Price	4,431,690	= Cap Rate	_____%	Net Income = \$

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index # 1250003074

Database #

Sale #

4

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ %
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %

Comments: This is pasture land that is level topography with flood irrigation. There is power and phone available on highway. Property lies on State highway 55. The motivation was for future develop property. This sold overall for \$45,000 per acre.

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index # 1250003076		Database #		Sale # 5	
Grantor	Conf	Sales Price	1,250,000	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	158.92	Net Sale Price	1,250,000	C Cropland Qu	N/A
Mo/Yr Cur. Sale	06/05	\$/Deeded Acre	7966.1	D Pasture Qu	N/A
Mo/Yr Prior Sale		Financing	Cash	E Appraiser Branch	500 - Nampa
Prior CEV Price		% Fin. Adj.		F Year Verified	2006
Prior Index #		CEV Price	1,250,000	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	appraiser	Eff. Unit Size	157.00	Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	7,961.78	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Other	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWP/RGE	13 / 16N / 3E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<input type="checkbox"/> Lease	
Location	SE of Donnelly	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<input type="checkbox"/> Resale	
Legal Description: Inst #296647 RP15N03E137806 Section 13: E1/2SW & W1/2SE less county road.					

Land-Mix Analysis

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	157.00	Ac. 7,961.78			X \$	= \$ 1,249,999
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		157.00	Ac. 7,961.78			X \$	= \$ 1,249,999
CEV Price \$	1,250,000	- Land Contribution \$		1,249,999	= Improvement Contribution \$		1

Income Analysis

[illegible]

Improvements	<input type="checkbox"/>	Improvements Included in Land Rent	/mo	/yr	
					Stabilized Gross Income = \$
Expense Items:		Expenses (cont.):		Expenses (cont.):	
Real Estate Tax	\$		\$		\$
Insurance	\$		\$		\$
Maintenance	\$		\$		\$
Management	\$		\$		\$
Total Expenses		/ Stabilized G.I.		= Expense Ratio	%
Net Income		/ CEV Price	1,250,000	= Cap Rate	%
					Total Expenses = \$
					Net Income = \$

Index # 1250003076

Database #

Sale # 5

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: This sale is approximately 2.5 miles southeast of Donnelly. The property is undulating pasture land. There are limited view on this property. The soils are Archabal loam and some Melton and Carbarton silt clay loam. There is power and phone at the road. Access is Barker Lane from Farm to Market Road. This was purchased for investment and development. The property is fenced.

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index #	1250003082	Database #	165	Sale #	6
Grantor	Conf	Sales Price	665,000	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	46.10	Net Sale Price	665,000	C Cropland Qu	N/A
Mo/Yr Cur. Sale	07/05	\$/Deeded Acre	14425.16	D Pasture Qu	N/A
Mo/Yr Prior Sale		Financing	Cash	E Appraiser Branch	500 - Nampa
Prior CEV Price		% Fin. Adj.		F Year Verified	2006
Prior Index #		CEV Price	665,000	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	Appraiser	Eff. Unit Size	46.10	I Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	14,425.16	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Other	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWPRGE	14 / 17N / 3E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<input type="checkbox"/> Lease	
Location	Lake Fork	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<input type="checkbox"/> Resale	
Legal Description:	RP17N03E141208 Sec 14: SWNE and S70' of S1/2SENE and Tax 5 in NWNE				

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	46.10	Ac. 14,425.16			X \$	= \$ 665,000
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		46.10	Ac. 14,425.16			X \$	= \$ 665,000
CEV Price \$	665,000	- Land Contribution \$		665,000	= Improvement Contribution \$		

Income Analysis

[illegible]

Index # 1250003082

Database # 165

Sale # 6

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ %
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %

Comments: This is southeast of Lake Fork on Farm to Market Road (approximately 2.75 miles). The property has undulating topography and is in pasture land. The soils are Archabal loam and Melton Loam. The property was purchased for investment and development. There is a 70' easement from the road on the property. 1/3 of the area below the ridge has some timber and westerly views.

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index # 1250000832		Database #		Sale # 7	
Grantor	Conf	Sales Price	521,456	A Property Type	Rural Residential
Grantee	Conf	Other Contrib.		B Assured Grazing	No
Deeded Acres	40.00	Net Sale Price	521,456	C Cropland Qu	
Mo/Yr Cur. Sale	11/03	\$/Deeded Acre	13036.4	D Pasture Qu	
Mo/Yr Prior Sale		Financing	Cash	E Leases	
Prior CEV Price		% Fin. Adj.		F Open Market	
Prior Index #		CEV Price	521,456	G Listing Time	4 mo
Analysis Code	123sr	SCA Unit Type	Acres	H Access	Rosenberry
Source	RE Agent	Eff. Unit Size	40.00	I Water Supply	
Motivation	Res/Rec	SCA \$/Unit	13,036.40	J Cons Easmnt	
Highest & Best Use	Rec	Multiplier Unit		K Res/Rec Infl	Good
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley / VAL	Primary Land Use	Rec	M	
Area/Region	/	Pri. Commodity	Recreation	N	
SEC/TWP/RGE	17 / 16N / 03E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved		Lease
Location	Donnelly	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction		Resale

Legal Description: 1835 West Roseberry Lane, west of Donnelly; RP16n03E173006A

Cash Sale - on the market for 4 months. E1/2W1/2NW Section 17.

Assessed Value \$48,270 Taxes \$383 Inst 285299

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	40.00	Ac. 13,036.40			X \$	= \$ 521,456
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		40.00	Ac. 13,036.40			X \$	= \$ 521,456
CEV Price \$	521,456	- Land Contribution \$		521,456	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator				
Income Source		Unit	Stabilized	Total Production	Cash/Share/Owner Income			
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
							100	
Improvements		Improvements Included in Land Rent			/mo	/yr	93	
Stabilized Gross Income = \$								
Expense Items:		Expenses (cont.):		Expenses (cont.):				
Real Estate Tax	\$ _____	_____	\$ _____	_____	\$ _____			
Insurance	\$ _____	_____	\$ _____	_____	\$ _____			
Maintenance	\$ _____	_____	\$ _____	_____	\$ _____			
Management	\$ _____	_____	\$ _____	_____	\$ _____			
Total Expenses	_____	/ Stabilized G.I.	_____	= Expense Ratio	_____ %	Total Expenses = \$ _____		
Net Income	_____	/ CEV Price	521,456	= Cap Rate	_____ %	Net Income = \$ _____		

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index # 1250000832

Database #

Sale #

7

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: This sale is located west of Donnelly on Roseberry Lane. Vacant land with power and telephone service. The western line of this property borders BLM land and it is within 100 feet of Lake Cascade in some areas. It is mostly rolling land that is lightly timbered. It is located northwest of Tamarack, east of Lake Cascade and West of Highway 55. Sewer may be available in the future.

Uniform Agricultural Appraisal Report UAAR®

File No #

Index #

Database #

Sale #

8

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: This slae was purchased for development consisting of 135 acres located near the southend of Norwood road. The buyer and seller allocated the purchase price as 130 acres at \$60,000 and 5.5 acres of water from at \$150,000 per acre for a blended price of \$63,653 per acre. The property represented a level, open meadow with view of West Mountain. The 5 acres has view of the Lake Cascade. The owner carried \$1.5 million down 6% interest for 7 years.

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airport

Index #	1250003120	Database #	172	Sale #	
Grantor	Conf	Sales Price	236,000	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	55.00	Net Sale Price	236,000	C Cropland Qu	N/A
Mo/Yr Cur. Sale	11/04	\$/Deeded Acre	4290.91	D Pasture Qu	N/A
Mo/Yr Prior Sale		Financing	Cash	E Appraiser Branch	500 - Nampa
Prior CEV Price		% Fin. Adj.		F Year Verified	2006
Prior Index #		CEV Price	236,000	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	MLS/Appraiser	Eff. Unit Size	55.00	I Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	4,290.91	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Pasture	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWP/RGE	13-14 / 16N / 3E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved <input type="checkbox"/> Lease		
Location	Roseberry/Donnelly	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction <input type="checkbox"/> Resale		
Legal Description: Section 13: N1/2SW1/4NW1/4; N1/2S1/2SWNW; Section 14: S1/2SENE; S1/2S1/2N1/2SENE; Inst #289311& 289312; Parcel #RP16N03E133605 & 141895					

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	55.00	Ac. 4,290.91		X \$	= \$	236,000
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
Totals		55.00	Ac. 4,290.91		X \$	= \$	236,000
CEV Price \$	236,000	- Land Contribution \$		236,000	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis: ☒ Cash ☐ Share ☐ Owner/Operator

Income Source	Units	Unit Measure	Stabilized Yield	Total Production	Cash/Share/Owner Income
<input type="checkbox"/> Actual <input type="checkbox"/> Estimated				Stabilized \$/Unit Gross Income	Share % Income \$

Improvements ☐ Improvements Included in Land Rent

/mo /yr

Stabilized Gross Income = \$

Expense Items:

Expenses (cont.):

Expenses (cont.):

Real Estate Tax	\$		\$		\$	
Insurance	\$		\$		\$	
Maintenance	\$		\$		\$	
Management	\$		\$		\$	

Total Expenses / Stabilized G.I. = Expense Ratio % Total Expenses = \$

Net Income / CEV Price 236,000 = Cap Rate % Net Income = \$

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airport

Index # 1250003120

Database # 172

Sale #

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ %
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %

Comments: The sale is located 1/4 mile south of Roseberry on Farm to Market Road. This property is nearly level with some very gently undulating topography. Soils are Archabal loam, Donnel sandy loam and Grestrin loam with slopes of 0-12%. The property is fenced for cattle grazing and was in pasture at time of purchase. Utilities have power and phone at the road.

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airport

Index #	1250003121	Database #	173	Sale #	
Grantor	Conf	Sales Price	180,000	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	26.50	Net Sale Price	180,000	C Cropland Qu	N/A
Mo/Yr Cur. Sale	01/04	\$/Deeded Acre	6791.94	D Pasture Qu	N/A
Mo/Yr Prior Sale		Financing	Cash	E Appraiser Branch	500 - Nampa
Prior CEV Price		% Fin. Adj.		F Year Verified	2006
Prior Index #		CEV Price	180,000	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	MLS/Appraiser	Eff. Unit Size	26.50	Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	6,792.45	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Pasture	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWP/RGE	7 / 17N / 4E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<input type="checkbox"/> Lease	
Location	S of McCall	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<input type="checkbox"/> Resale	
Legal Description:	Section 7: Part of Lot 4 and part of SESW; Inst #279632; Parcel RP17N04E076865				

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	26.50	Ac. 6,791.94			X \$	= \$ 180,000
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		26.50	Ac. 6,791.94			X \$	= \$ 180,000
CEV Price \$	180,000	- Land Contribution \$		180,000	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator				
Income Source		Unit	Stabilized	Total Production	Cash/Share/Owner Income			
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
Improvements	Improvements Included in Land Rent				/mo	/yr		
					Stabilized Gross Income = \$			
Expense Items:		Expenses (cont.):		Expenses (cont.):				
Real Estate Tax	\$		\$		\$			
Insurance	\$		\$		\$			
Maintenance	\$		\$		\$			
Management	\$		\$		\$			
Total Expenses	/ Stabilized G.I.				= Expense Ratio	%	Total Expenses = \$	
Net Income	/ CEV Price		180,000		= Cap Rate	%	Net Income = \$	

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index # 1250003121

Database # 173

Sale #

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ %
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %

Comments: This sale is approximately 4 miles southeast of Lake Fork, south of McCall on Finn Church Lane. The property is level to sloping with excellent view of the mountains. Soils are Jurvannah sandy loam, poor drained and Blackwell clay loam, poorly drained with a small amount of Gestrin Loam, well drained. The property was in pasture at time of sale and motivation was investment.

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index #	1250003122	Database #	161	Sale #	
Grantor	Conf	Sales Price	103,000	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	20.11	Net Sale Price	103,000	C Cropland Qu	N/A
Mo/Yr Cur. Sale	02/04	\$/Deeded Acre	5122.85	D Pasture Qu	N/A
Mo/Yr Prior Sale		Financing	Cash	E Appraiser Branch	500 - Nampa
Prior CEV Price		% Fin. Adj.		F Year Verified	2006
Prior Index #		CEV Price	103,000	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	MLS/Appraiser	Eff. Unit Size	20.11	I Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	5,121.83	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Pasture	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWP/RGE	13 / 17N / 3E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved	<input type="checkbox"/> Lease	
Location	Lake Fork/McCall	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction	<input type="checkbox"/> Resale	
Legal Description: Section 13: Tax 14 in E1/2NESW; Inst 280441; RP17N03E134806					

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	20.11	Ac. 5,122.85		X	\$ = \$	103,000
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
	%		Ac.		X	\$ = \$	
Totals		20.11	Ac. 5,122.85		X	\$ = \$	103,000
CEV Price \$	103,000	- Land Contribution \$		103,000	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator				
Income Source		Unit	Stabilized	Total Production	Cash/Share/Owner Income			
<input type="checkbox"/> Actual	<input type="checkbox"/> Estimated	Units	Measure	Yield	Stabilized \$/Unit	Gross Income	Share %	Income \$
Improvements		Improvements Included in Land Rent		/mo	/yr	Stabilized Gross Income = \$		
Expense Items:		Expenses (cont.):		Expenses (cont.):				
Real Estate Tax	\$		\$		\$			
Insurance	\$		\$		\$			
Maintenance	\$		\$		\$			
Management	\$		\$		\$			
Total Expenses		/ Stabilized G.I.	= Expense Ratio		%	Total Expenses = \$		
Net Income		/ CEV Price	103,000	= Cap Rate		%	Net Income = \$	

Index # 1250003122

Database # 161

Sale #

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: This sale is 3 miles southeast of Lake Fork on Willey Lane (east of Farm to Market Road). The property has undulating topography with good views of the valley and mountains. Soils are Archabal loam and Melton loam with 4-12% slopes. This property has power and pone on the gravel county road. Buyer wanted investment property.

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR@

File No # Lake Cascade Airpark

Index #	1250000833	Database #	167	Sale #	
Grantor	Conf	Sales Price	566,000	A Property Type	Rural Residential
Grantee	Conf	Other Contrib.		B Assured Grazing	No
Deeded Acres	226.60	Net Sale Price	566,000	C Cropland Qu	
Mo/Yr Cur. Sale	03/05	\$/Deeded Acre	2497.79	D Pasture Qu	
Mo/Yr Prior Sale		Financing	Cash	E Leases	
Prior CEV Price		% Fin. Adj.		F Open Market	
Prior Index #		CEV Price	566,000	G Listing Time	12 mo
Analysis Code	123sr	SCA Unit Type	Acres	H Access	Cabarton Rd
Source	Buyer	Eff. Unit Size	226.60	I Water Supply	
Motivation	Rec	SCA \$/Unit	2,497.79	J Cons Easmt	
Highest & Best Use	Rec	Multiplier Unit		K Res/Rec Infl	Good
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley / VAL	Primary Land Use	Rec	M	
Area/Region	/	Pri. Commodity	Recreation	N	
SEC/TWP/RGE	17 / 12N / 4E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved <input type="checkbox"/> Lease		
Location	Round Valley	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction <input type="checkbox"/> Resale		
Legal Description: South of Cascade, south of Cabarton Road, west of Highway 55. RP12N04E086755A RP12N04E172415A & RP12N04E180006A;					

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	226.60	Ac. 2,497.79		X \$	= \$	565,999
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
	%		Ac.		X \$	= \$	
Totals		226.60	Ac. 2,497.79		X \$	= \$	565,999
CEV Price \$	566,000	- Land Contribution \$		565,999	= Improvement Contribution \$		1

Income Analysis

Income Estimate Basis:

☒ Cash☐ Share☐ Owner/Operator

Income Source

Unit

Stabilized

Total Production

Cash/Share/Owner Income

☐ Actual☐ Estimated

Units

Measure

Yield

Stabilized \$/Unit

Gross Income

Share %

Income \$

100

Improvements

Improvements Included in Land Rent

/mo

/yr

93

Stabilized Gross Income = \$

Expense Items:

Expenses (cont.):

Expenses (cont.):

Real Estate Tax \$

\$

\$

\$

Insurance \$

\$

\$

\$

Maintenance \$

\$

\$

\$

Management \$

\$

\$

\$

Total Expenses

/ Stabilized G.I.

= Expense Ratio

%

Total Expenses = \$

Net Income

/ CEV Price

566,000

= Cap Rate

%

Net Income = \$

Index # 1250000833

Database # 167

Sale #

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ %
 Total RCN \$ _____ Total Improvement Contribution: \$ 1.0 Improvement As % of Price _____ %

Comments: The property is zoned multiple use in Valley county. The property was vacant at time of sale. The property sold at auction by Boise Cascade previously (2003) with no disclosure of this value. The property has timber with some open spots. Utilities are limited and would need to be developed if subdivided. Power and phone lines are along Highway 55.

Cost Approach Time Adjustment Worksheet

Rate of Change: ☒ Simple
☐ Compound

Periods: ☐ Annual
☒ Monthly

☒ Auto Calc Periods
☐ Manually Calc Periods

[illegible]

Northwest Farm Credit Services, ACA

Uniform Agricultural Appraisal Report UAAR®

File No # Lake Cascade Airpark

Index #	1250003081	Database #		Sale #	
Grantor	Conf	Sales Price	595,000	A Property Type	Other
Grantee	Conf	Other Contrib.		B Assured Grazing	
Deeded Acres	67.80	Net Sale Price	595,000	C Cropland Qu	N/A
Mo/Yr Cur. Sale	07/05	\$/Deeded Acre	8776.2	D Pasture Qu	N/A
Mo/Yr Prior Sale		Financing	Cash	E Appraiser Branch	500 - Nampa
Prior CEV Price		% Fin. Adj.		F Year Verified	2008
Prior Index #		CEV Price	595,000	G Listing Time	Unknown
Analysis Code	123SR	SCA Unit Type	Acres	H Access	Y
Source	Appraiser	Eff. Unit Size	68.00	Primary Water Source	N/A
Motivation	Open Market	SCA \$/Unit	8,750.00	J Water Issues	N/A
Highest & Best Use	Recreational	Multiplier Unit		K Influences	Recreational
State/Cnty Code	ID / 085	Multiplier No.		L	
County/Zone	Valley /	Primary Land Use	Other	M	
Area/Region	/ VAL	Pri. Commodity	8999 Residential	N	
SEC/TWP/RGE	18 / 17N / 4E	Sale:	<input checked="" type="checkbox"/> Unimproved <input type="checkbox"/> Improved		Lease
Location	Lake Fork	Cost:	<input type="checkbox"/> Replacement <input type="checkbox"/> Reproduction		Resale
Legal Description:	Section 18; Tax #9 in Govt Lots 1 and 2; RP17N04E183080, RP17N04E183065 & RP17N04E182576 Inst #297807				

Land-Mix Analysis

Unimproved Database #

Land Use	Ratios	Acres	\$/Acre	Unit Size	Unit Type	\$/Unit	Total Unit Value
Site	%	68.00	Ac. 8,750.00			X \$	= \$ 595,000
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
	%		Ac.			X \$	= \$
Totals		68.00	Ac. 8,750.00			X \$	= \$ 595,000
CEV Price \$	595,000	- Land Contribution \$		595,000	= Improvement Contribution \$		

Income Analysis

Income Estimate Basis:		<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Share	<input type="checkbox"/> Owner/Operator		
Income Source <input type="checkbox"/> Actual <input type="checkbox"/> Estimated		Units	Unit Measure	Stabilized Yield	Total Production Stabilized \$/Unit Gross Income	Cash/Share/Owner Income Share % Income \$
Improvements	Improvements Included in Land Rent				/mo	/yr
						Stabilized Gross Income = \$
Expense Items:		Expenses (cont.):		Expenses (cont.):		
Real Estate Tax	\$ _____		\$ _____		\$ _____	
Insurance	\$ _____		\$ _____		\$ _____	
Maintenance	\$ _____		\$ _____		\$ _____	
Management	\$ _____		\$ _____		\$ _____	
Total Expenses	_____ / Stabilized G.I.		= Expense Ratio	%	Total Expenses = \$	
Net Income	/ CEV Price 595,000		= Cap Rate	%	Net Income = \$	

Index # 1250003081

Database #

Sale #

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____% Functional Obsolescence _____% External Obsolescence _____% Total Depreciation _____%
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____%

Comments: This property is located 4 miles southeast of Lake Fork on Finn Church Lane. The property is level with some undulating topography and moderate view of West Mountain. This was in wet pasture with little trees. The soils are Jurvannah sandy loam, limited amounts of Gestrin loam and Blackwell caly with some Takeuchi coarse sandy loams. The utilities include power and phone on the road. This property was purchased for investment and possible development.

Index # 1250003118

Database # 170

Sale #

Improvement Analysis

Item:	Impt. #1	Impt. #2	Impt. #3	Impt. #4	Impt. #5	Impt. #6	Impt. #7	Impt. #8	Impt. #9	Impt. #10
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Item:	Impt. #11	Impt. #12	Impt. #13	Impt. #14	Impt. #15	Impt. #16	Impt. #17	Impt. #18	Impt. #19	Impt. #20
Type										
Size										
Unit										
Utility										
Condition										
Age										
Remaining Life										
RCN/Unit										
RCN										
% Physical Depreciation										
RCN Remainder After Phys. Depr.										
% Functional Obsolescence										
RCN Rem. After Phys./Funct. Depr.										
% External Obsolescence										
Total Impt. Contribution										
Contribution \$/Unit										

Physical Depreciation _____ % Functional Obsolescence _____ % External Obsolescence _____ % Total Depreciation _____ %
 Total RCN \$ _____ Total Improvement Contribution: \$ _____ Improvement As % of Price _____ %

Comments: This property has open views and easement from Finlandia Road (70' easement). This property has high water table and can only have one building site. Zoned Multiply use. Approximately 3 miles northeast of Donnelly. Topography is nearly level. Soils are Grestrin loam, Blackwell clay loam and Carbarton silty clay loam with slopes of 0-4%. This was in pasture. There is power and phone service on the road. The property was purchased for investment and possibly development if approved.

EXHIBIT B

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF ADA

NW FARM CREDIT SERVICES,	)	Case No. CV-2012-33-C
)	
Plaintiff,)	
)	
vs.)	
)	
LAKE CASCADE AIR PARK, et al,)	
)	
Defendant.)	
_____)	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Court Trial, held September 25, 2012, before
Hon. GEORGE D. CAREY, Senior District Court Judge

Reported by:
Susan M. Wolf, RPR
CSR No. 728

ORIGINAL

A P P E A R A N C E S

For Plaintiff

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Pocatello, Idaho 83205-4229
(208) 235-1145 FAX (208) 235-1182

For Defendants Lake Cascade Air Park and Millers

Mr. Bradley J. Dixon
STOEL RIVES
101 South Capitol Boulevard, Suite 1900
Boise, Idaho 83702
(208) 389-9000 FAX (208) 389-9040

For Defendants Buich

Mr. Brian F. McColl
WILSON & MCCOLL CHARTERED
3858 N. Garden Center Way, Suite 200
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Boise, Idaho 83701-1544
(208) 345-9100 FAX (208) 384-0442

I N D E X

<u>Witness</u>	<u>Examination By</u>	<u>Page</u>
FRONK, James G.	DRX by Mr. Dixon	114
	CRX by Mr. Kerl	129
MILLER, Donald E.	DRX by Mr. Dixon	73
	CRX by Mr. Kerl	111
	RDX by Mr. Dixon	112
ROBBINS, Susan L.	DRX by Mr. Kerl	18
	CRX by Mr. Dixon	52
	RDX by Mr. Kerl	68
WEST, Steven E.	DRX by Mr. Dixon	133

E X H I B I T S

Exhibit	Description	Mark/Admit	
Exh A	May 27, 2008 note for \$2,450,000	Prev/	
Exh B	Mortgage securing the note	Prev/	
Exh C	Recitation of the amount due	Prev/	
Exh D	\$500,000 equity line of credit note	Prev/	
Exh E	Equity line of credit mortgage	Prev/	
Exh F	Calculation of amount due on line of credit.	Prev/	
Exh G	Demand letter to borrowers	Prev/	
Exh H	Copy of 2012 Appraisal by Susan Robbins	Prev/	29
Exh No. 2	Copy of 2008 Appraisal by Susan Robbins	Prev/	67

1 BOISE, IDAHO

2 Tuesday, September 25, 2012, 9:00 a.m.

3
4 THE COURT: Have a seat. Thank you.

5 I get to see Mr. Kerl once every 20 years,
6 whether I need to or not.

7 MR. KERL: I hope it's not too often,
8 Your Honor.

9 THE COURT: Once is too often.

10 We'll take up, at this time, Valley County
11 case Northwest Farm Credit Services vs. Lake Cascade Air
12 Park, Mr. and Mrs. Miller, and I'm sorry, I'm -- I don't
13 know how to pronounce the other defendants' names.

14 MR. MCCOLL: Your Honor, that would be David
15 and Karen Buich.

16 THE COURT: Buich, thank you.

17 This is the time set for a court trial on
18 what I understand to be certain specific issues. One, a
19 determination of what is owing on an indebtedness; and
20 two, what is the fair market value or the reasonable
21 value of the property that is security for the -- for the
22 loan.

23 Have I got that right?

24 MR. DIXON: Yes, Your Honor.

25 THE COURT: Okay. And one thing I -- I -- I

1 guess Judge Neville already granted summary judgment
2 that -- to proceed with foreclosure; is that right?

3 MR. KERL: That is true, Your Honor.

4 THE COURT: But the -- the foreclosure hasn't
5 actually -- the foreclosure sale hasn't actually taken
6 place yet has it, or has it?

7 MR. KERL: No, it has not, Your Honor.

8 THE COURT: Okay.

9 MR. KERL: One of the reasons we needed to
10 determine the reasonable value is that Farm Credit could
11 then perhaps make a credit bid against the -- the
12 indebtedness -- or the reasonable value or the
13 indebtedness, whichever it feels is greater, and it will
14 establish the -- those facts.

15 THE COURT: Okay. Thank you.

16 Are there any stipulated facts at -- at this
17 point?

18 MR. KERL: Yes, Your Honor, if -- if I may.

19 THE COURT: Yes.

20 MR. KERL: Counsel has -- for the defendants
21 have agreed to stipulate to the admission of Plaintiff's
22 Exhibits A through G. A is the May 27, 2008 note for
23 \$2,450,000; B is the mortgage securing that note; C is a
24 recitation of the amount due. And if the Court -- and
25 the Court, I think, has the Exhibit book there before it.

1 THE COURT: Yes.

2 MR. KERL: If I could ask the Court to turn
3 to Exhibit C, second page, about two-thirds of the way
4 down, it says total for judgment trial as of 9/24/2012.

5 Does the Court --

6 THE COURT: Yes.

7 MR. KERL: -- see that?

8 We've agree that -- to stipulate to that
9 number, but there are additional additions for attorneys'
10 fees and costs below that, and we've agreed, by
11 stipulation, that that will be taken up on a Rule 54
12 motion.

13 So, in terms of the evidence that will be
14 before the Court on the basis of our stipulation, it
15 would just be the amount due as of 9/24/2012, without the
16 attorneys' fees and costs.

17 THE COURT: And when you say costs, you --
18 are you also referring to the costs of sale?

19 MR. KERL: Yes. Although those are generally
20 determined after --

21 THE COURT: Yes.

22 MR. KERL: -- the fact and not as part of the
23 judgment.

24 THE COURT: Okay. Thank you.

25 MR. KERL: Exhibit D is an equity

1 line-of-credit note in the original amount of 500,000,
2 Exhibit E is an equity line of credit mortgage, and F is
3 the calculations of the amount due on that obligation and
4 indebtedness. If the Court would turn to the second page
5 of that exhibit, it shows the total amount for judgment
6 trial, as of 9/24/12, at \$580,936.39. That, again, would
7 be our stipulation for that amount.

8 There are no additional additions below that
9 on that exhibit for the Court to take into account.

10 And then, G is the letter sent to the
11 borrowers by myself, on behalf of Northwest Farm Credit,
12 accelerating the balances on both loans.

13 And our stipulation is to admit those
14 exhibits.

15 THE COURT: And do Counsel for the defendants
16 concur in that stipulation?

17 MR. DIXON: We do, Your Honor.

18 MR. MCCOLL: Your Honor, we do.

19
20 (Plaintiff's Exhibits A, B, C, D, E, F,
21 and G admitted.)
22

23 MR. MCCOLL: And if this would be an
24 appropriate point to interject another stipulation, with
25 respect to the defendant Buiches, they will stipulate,

1 and plaintiff's Counsel and co-Counsel have agreed, that
2 the entry of default can be taken against the Buiches,
3 with the final judgment, should there be one as
4 determined by this Court, held against Buich, as it would
5 against the co-borrowers.

6 THE COURT: I see. And that's the other
7 parties' understanding?

8 MR. KERL: Yes, Your Honor, from the
9 plaintiffs, that's agreed.

10 THE COURT: So -- and -- and do you
11 anticipate that you will be -- I -- I don't want to keep
12 on asking you every time, in cross-examination and have
13 you say no.

14 MR. MCCOLL: Your -- Your Honor, with the
15 Court and Counsel's permission, I view that stipulation
16 as an ex -- an excuse to go home and would not be
17 participating in the trial.

18 THE COURT: I hate to -- hate to see you go,
19 but if that's what you want to do, that's fine. Thank
20 you. Thank you for coming in.

21 MR. MCCOLL: Thank you.

22 MR. KERL: Thank you, Your Honor.

23 THE COURT: Any additional stipulations?

24 MR. DIXON: No, Your Honor.

25 MR. KERL: No, Your Honor.

1 THE COURT: Okay.

2 Did you wish to make an opening statement on
3 behalf of the plaintiffs?

4 MR. KERL: I do, Your Honor.

5 THE COURT: Okay. You may proceed.

6 MR. KERL: Thank you.

7 If it pleases the Court, we're here today
8 because the defendants entered into two lending
9 relationships with Northwest Farm Credit Services. On
10 May 27, 2008, they borrowed \$2,450,000 from Northwest
11 Farm Credit Services, with a -- and signed a note and
12 loan agreement, which is Exhibit A. They secured the
13 repayment of that note with a mortgage on Valley County
14 real property. The mortgage is Exhibit B, and it was
15 recorded on May 29, 2008, as instrument No. 331953 in the
16 records of Valley County.

17 On May 1, 2010, that note went into default.
18 And Exhibit C demonstrates the fact that the principal
19 and interest payments -- principal of nearly 6,000 and
20 interest of just over \$12,000 were due monthly, and since
21 May 1st of 2010, the monthly payments have not been made.
22 On December 16, plaintiff accelerated the entire balance
23 due on the note, and we're all agreeing that that's
24 Exhibit G.

25 At the same time, the \$2.45 million loan was

1 taken out, an equity line of credit also taken out by the
2 defendants, Lake Cascade Air Park, Miller, and Buich, for
3 \$500,000, and that's Exhibit D. It was also secured by a
4 mortgage, which is Exhibit D, on the same real property.
5 So, as to -- not to confuse the Court, although we have
6 two mortgages and two notes, the mortgage -- both
7 mortgages are secured by the same piece of ground. The
8 equity line of credit was remor -- was recorded, and its
9 instrument number is one more than the instrument number
10 for the first mortgage, so it's junior in time to the
11 first mortgage.

12 That note and mortgage -- or note also went
13 into default on May 1, 2010, and no payments have been
14 made since that date.

15 Based upon the exhibits, the total amount of
16 the indebtedness, as of the 24th of September, which was
17 our original trial date, that's why the -- they were set
18 for that date, total \$3,532,277.50.

19 On summary judgment, that Judge Neville ruled
20 that there was a default and that we were entitled to
21 seek foreclosure of the mortgages, leaving only two
22 issues for trial; one was the amount due on the note,
23 which I believe the evidence that we've presented through
24 the stipulated exhibits would be sufficient for the Court
25 to make a conclusion, and the reasonable value of the

1 mortgaged premises.

2 The reason the reasonable value of the
3 mortgaged premises is important for the Court is that
4 under Idaho's anti-deficiency statute, before
5 Northwest Farm Credit Services can obtain a money
6 judgment against Lake Cascade, the Millers, or Buiches,
7 the reasonable value of the property must be found by the
8 Court. It's a protection so that if the sale proceeds
9 generate less -- if an ultimate foreclosure sale generate
10 less than what this Court finds to be the reasonable
11 value, the defendants here at least receive a credit for
12 the reasonable value.

13 In other words, if the Court were to find the
14 property is worth \$100, but at sale it sold for \$50, and
15 they owed \$150, Farm Credit wouldn't be entitled to the
16 difference between the sale price of 50 and the debt of
17 150, but would only be entitled to the difference between
18 the reasonable value of 100 and the debt of 150. And so,
19 the reasonable value is important for that reason and
20 that's why we're here today.

21 Judge Neville found there to be genuine
22 issues of fact for trial, and -- and we're going to be
23 presenting our evidence to the Court today on that basis.

24 We will offer the testimony of Susan Robbins.
25 Susan is -- has 9 years experience under appraiser

1 Rodney Moore, between 1981 and 1990; she has 11 years of
2 experience with Northwest Farm Credit Services, from 1990
3 to 2001 as an appraiser. She worked for 6 months as an
4 appraiser with the Idaho Department of Transportation;
5 she was 3 years as a Land Bank Program Manager for the
6 Idaho Department of Lands, and has spent the last 7 years
7 again as a senior appraiser with Northwest Farm Credit
8 Services.

9 She's a certified general appraiser, she also
10 has an Accredited Rural Appraiser certification by the
11 American Society of Farm Managers and Rural Appraisers.

12 We believe that her testimony is going to
13 establish the reasonable value of this property at
14 3 million -- or excuse me -- \$1,335,000, based upon
15 a \$4,000 per acre evaluation. We will offer a written
16 appraisal report into evidence, and Ms. Robbins will
17 testify as to the basis and reasons for her conclusion.

18 She's going to testify that Valley County's
19 real estate market for development properties has trended
20 downward since the failure of the Tamarack Resort in the
21 Valley County area. She's going to testify that prior to
22 2003, the properties in Valley County were ag use and
23 ag-related properties, and their values were such. And
24 they started to trend upwards as developmental interests
25 became paramount out there, and the properties started

1 to -- to -- to become more valuable, more value -- more
2 valuable, in terms of sales data, up through about the
3 end of 2008 or 2009.

4 When the effect of Tamarack's failure put a
5 reverse pressure on the real estate in Valley County,
6 site sales slowed, developers got out of the market, the
7 properties -- many of the properties that were purchased
8 for development were foreclosed, they're bank owned, and
9 they're short sales, all of which has reduced the value
10 of the property over what it was maybe when Tamarack was
11 looked at as a successful for -- on the horizon.

12 Ms. Robbins will testify that the highest and
13 best use for this land is at -- is irrigated crop land.
14 That's what it's zoned for, and that's what it's
15 currently being used as.

16 The defendants are expected to call three
17 witnesses. Mr. Miller will testify about his opinion of
18 value. Mr. Miller, as an owner of the property, is,
19 for -- for the most part, automatically qualified to
20 test -- test -- to testify as to value, but he is not a
21 certified appraiser. And we will cross-examine him
22 accordingly.

23 Your Honor, we believe that the preponderance
24 of the evidence is going to establish the reasonable
25 value at the appraised value established by Ms. Robbins'

1 testimony, and we would ask the Court to enter judgment
2 accordingly.

3 THE COURT: Thank you.

4 MR. KERL: Thank you.

5 THE COURT: Counsel, did you wish to make an
6 opening now or reserve your opening?

7 MR. DIXON: I'll speak now, Your Honor.

8 Your Honor, Brad Dixon on behalf of -- of
9 both the LLC and my clients Donald and Candice Miller.
10 Mr. Miller is actually at Counsel table. Also with me is
11 my paralegal Brandi Soares.

12 As I -- as I considered what I would tell the
13 Court for purposes of introducing this case, I realized
14 that I spend a lot of my time -- have spent a lot of my
15 time over the past four or five years telling clients
16 that these -- these cases rarely go to any sort of bench
17 trial. So, this case has sort of made a little bit of a
18 liar out of me because I told my clients that.

19 But we're here on a very limited issue,
20 Your Honor, and the very limited issue has to do with the
21 Idaho anti-deficiency statute. And I think we differ
22 with -- with Mr. Kerl principally in only one or two
23 ways.

24 First of all, I think it's -- it's very
25 important for the Court to understand that the actual

1 reason for the Idaho anti-deficiency statute is to
2 prohibit a bank from going in and bidding a lowball value
3 on a piece of property, and then utilizing that number
4 as the basis for a deficiency judgment against the
5 individual debtors where there is a recourse loan.
6 That's what we've got going on here.

7 We have a situation where the bank evaluated
8 the property in 2008, at one point; has loaned money on
9 this property; has discussed even work out opportunities
10 on this property, but when it comes to a foreclosure,
11 asked their appraiser to go and look at this property on
12 a fire sale basis. How do we liquidate this property
13 immediately? Let's not take into consideration any of
14 the potential of this property.

15 Let's even ignore a number of the qualities
16 of this property, some that are unique to this area, and
17 establish to the Court this \$1.3 million value, which
18 they can then utilize as a reasonable value of the
19 property to become the basis for a later deficiency
20 statute action.

21 That's what's before the Court, what's the
22 reasonable value for purposes of protecting the borrower
23 from an unreasonable attempt by the bank to get a
24 deficiency judgment and recovery of the asset?

25 What my client will show you today, Your

1 Honor, are a few things. First of all, we will have two
2 witnesses that really will not speak to value per se, but
3 will talk about some of the unique aspects of this
4 property, making it particularly ideal for use in a
5 Wetland Mitigation Bank project.

6 These projects are sold by credits, something
7 you'll hear today quite a bit about, and those are sold
8 on a per credit basis. They're very valuable. And once
9 the property is -- is approved for that use, it can
10 significantly increase the value of the property.

11 Lastly, Mr. Miller will testify. Mr. Miller
12 will testify on the basis of his ownership of the
13 property, his experience with the property since 1992,
14 his experience in reclamation projects all over the
15 state, his experience as a developer in natural
16 resources, as well, all over the state and all over the
17 northwest, and even some of his experience as an
18 appraiser in the past.

19 And he will tell the Court that the value of
20 the property is much higher than this \$1.3 million figure
21 that Ms. Robbins is expected to testify to.

22 The bottom line, Your Honor, is that we have
23 an attempt at undervaluing the property to essentially
24 have the bank get both; they want the deficiency judgment
25 and they want the property. They'll have the opportunity

1 to market the property and potentially make a profit off
2 of the property, in addition to obtaining a personal
3 judgment against the Millers and the Buiches. It's that
4 personal judgment against the Buiches and the Millers
5 that's really at issue today.

6 Thank you.

7 THE COURT: Thank you.

8 You may call your first witness.

9 MR. KERL: Call Susan Robbins, Your Honor.

10
11 SUSAN L. ROBBINS,

12 called as a witness, by and on behalf of the Plaintiff,
13 having been first duly sworn, was examined and testified
14 as follows:

15
16 DIRECT EXAMINATION

17 BY MR. KERL:

18 Q. Good morning.

19 A. Good morning.

20 Q. Would you please state for the record your
21 full name, and spell your last name, please.

22 A. It's Susan L. Robbins, R-O-B-B-I-N-S.

23 Q. And, Ms. Robbins, where -- can you give us
24 your business address, as well?

25 A. It's 16034 Equine Drive, Nampa, Idaho, 83687.

1 Q. All right. Are you employed at the present
2 time?

3 A. Yes.

4 Q. And with whom are you employed?

5 A. Northwest Farm Credit Services.

6 Q. And what is your capacity or what is your
7 title?

8 A. I'm a senior appraiser.

9 Q. I want to step back to your education. I
10 assume that you -- did you graduate from high school?

11 A. I graduated from Melba High School.

12 Q. And did you receive any post-high school
13 education?

14 A. I graduated from Boise State University.

15 Q. And did you -- did you obtain a degree at
16 Boise State?

17 A. I have a BA in elementary education.

18 Q. When did you first train to become an
19 appraiser?

20 A. I started in 1981; I started working for
21 Rodney H. Moore, writing reports for him and verifying
22 sales. And then, in 1985, I became a member with the
23 American Society of Farm Managers and Rural Appraisers,
24 as a candidate member.

25 Q. And are you now licensed or certified as an

1 appraiser?

2 A. I'm a certified general appraiser with the
3 State of Idaho and the State of Oregon.

4 Q. And do you hold any other certifications?

5 A. I have my Accredited Rural Appraiser with the
6 American Society of Farm Managers and Rural Appraisers.

7 Q. Tell me, how -- how does one go about
8 becoming a general appraiser?

9 A. First of, all you have to -- you have to
10 submit an application with the license -- Bureau of
11 Occupational Licensing, with the --

12 Q. I'll say that --

13 A. -- with the --

14 Q. -- you can just call it --

15 A. -- State of Idaho.

16 Q. -- you can just call --

17 A. Right.

18 Q. -- you can just call it the State from now
19 on --

20 A. Okay.

21 Q. -- you won't have to tumble over that.

22 A. Is that okay? Yeah.

23 And you apply with the Real Estate Appraisal
24 Board under that jurisdiction. You have to have -- you
25 apply as a trainee. You have to have a supervising

1 appraiser, that is approved by the State, to work under
2 for no less than 30 months. You have to have 3,000 hours
3 of appraisal work. Then you have to complete 160 credits
4 in appraisal education, that is approved by the State.

5 Then, you turn in your appraisal log from
6 that. They pick seven reports to review. And if they
7 approve those reports, then you're qualified to take a
8 12-hour exam with the State. And if you pass that, then
9 you get your license.

10 Q. All right. And then, you have your license?

11 A. Yes, I do.

12 Q. And you completed all the requirements for
13 that license?

14 A. Yes, I did.

15 Q. Have you ever been disciplined or had your
16 license suspended?

17 A. No.

18 Q. You state that you're also licensed in the
19 state of Oregon?

20 A. Yes.

21 Q. Is that restin -- a reciprocal licensing or
22 did you have to stand some additional testing?

23 A. I had to send in all my education that I
24 took -- had taken and -- plus the verification that I'd
25 passed the State of Idaho test, and then they approved

1 me.

2 Q. Okay. You've mentioned, also, that you're an
3 accredited rural appraiser?

4 A. Yes.

5 Q. Can you tell the Court what the significance
6 of that designation is?

7 A. It's equivalent to getting a master's degree.
8 You have to have -- be a member with the American
9 Society -- can I call it American Society, please --

10 Q. Sure.

11 A. -- for five years. You have to take 100 --
12 it's 225 hours now of education classes that's approved
13 by the American Society, all obtaining [verbatim] to
14 appraisal work. Then, you have to submit your log,
15 appraisal log. From that, they pick five appraisals that
16 they will review. When they accept those appraisals,
17 then you have to do a demo appraisal, which is a complete
18 appraisal report on an ag property.

19 If they approve that, then you qualify to
20 take a 12-hour, two-day exam that covers all the material
21 that you've taken. If you pass that, then they approve
22 you to get your ARA.

23 Q. All right. And you have your ARA?

24 A. I have my ARA.

25 Q. And that -- and you have, therefore,

1 satisfied all the qualifications that are necessary?

2 A. Yes.

3 Q. And have you ever been disciplined or
4 suspended by the American Society?

5 A. No.

6 Q. Do you have any continuing education
7 requirements for either your general license or your ARA
8 cer -- certificate?

9 A. For the State license, I have to take --
10 every two years, it's 30 hours now of continuing
11 education. Of that, you have to take a -- seven hours of
12 a Uniform Standards of Professional Appraisal Practices
13 course, which is a federal regulated course. And then,
14 for my ARA, I have to take 60 hours of continuing
15 education every three years.

16 Q. And have you completed your continuing
17 education to date?

18 A. Yes, I have.

19 Q. Describe for the Court, briefly, the
20 professional methods for arriving at an appraised value
21 of -- of an agricultural property.

22 A. Three approaches are typically used or
23 considered in an appraisal report, not necessarily
24 completed; that's the cost approach, the income approach,
25 and the sales comparison approach.

1 Q. Briefly describe for the Court what is meant
2 by the cost approach.

3 A. The cost approach, you look at the land as
4 vacant and you value that using similar sales that have
5 sold in the market area. And then, you look at the
6 improvements on the property, if there's any
7 improvements, and you value those improvements using
8 replacement costs new, and then, you take physical,
9 functional, or external depreciation from those
10 improvements. Then you add the two values together and
11 you come up with a reasonable market value based on the
12 cost approach.

13 Q. And briefly explain to the Court what is
14 meant by the income approach.

15 A. The income approach is when you look at the
16 benefits that you can derive off the property.
17 Typically, those are rents that you can get off the
18 property. You look at market rents in the area, then you
19 compare that to the subject property. Starting with the
20 gross income, then you take expenses from the gross
21 income and you arrive at a net income.

22 Then you look at the comparable or similar
23 sales in the market. Using the same analysis, you take
24 the net income from those sales and you --

25 Q. From the comparable sales?

1 A. Comparable sales -- and you divide that into
2 the sales price, and you come up with the capitalization
3 rate. Then you can take -- look at the capitalization
4 rates from those similar sales and apply it to the
5 subject property, arriving at a reasonable market value
6 for that property.

7 Q. And lastly, explain to the Court that -- what
8 is meant by the sales comparison approach.

9 A. The sales comparison approach, you look at
10 similar properties that have sold in the market, that are
11 comparable to the subject property. You use a component
12 analysis, whether that's a dollar-per-square-foot or
13 dollar-per-acre, depending on what the market dictates.

14 Then you compare the sales to the subject
15 property, and you make adjustments for differences
16 between the two. And then, you arrive at a range of
17 value, and you use that component in that range, compared
18 to the subject. And then, you come up with the
19 reasonable market value, based on the sales comparison
20 approach.

21 Q. Were you asked to perform an appraisal of the
22 Lake Cascade property in Valley County in May of 2012?

23 A. Yes.

24 Q. Do you have an Exhibit book there before you?

25 A. No.

1 (Exhibit book provided to the witness.)

2
3 Q. BY MR. KERL: I'd like you to take a quick
4 look at Exhibit B and Exhibit E, and look at the legal
5 descriptions for -- in both of those exhibits.

6 A. Yes.

7 Q. Comparing B, as in boy, to E, as in ELMO, are
8 the legal descriptions the same in both mortgages?

9 A. Yes.

10 Q. And is -- are the -- is that the land that
11 you appraised in May of 2012, the land described by those
12 legal descriptions?

13 A. Can I look at the appraisal?

14 Q. If that would refresh your memory, you may
15 look at Exhibit H, which is your appraisal report.

16 A. Yes.

17 Q. Were you -- excuse me -- tell me what you did
18 in response to the request that you prepare an appraisal.

19 A. I looked -- went up to the property, and I
20 looked at the property, saw that the property is
21 irrigated pastureland that conforms to the surrounding
22 area. There's other properties adjacent and around the
23 subject that are similar.

24 The subject property is level topography,
25 it's being irrigated, and it is -- has access on the east

1 side by Old State Highway and on the north side by a
2 county road. And the property is currently being used as
3 irrigated pastureland.

4 Q. Were -- were there any improvements on the
5 property, any structures?

6 A. Not that I could see, no. Just the fence.

7 Q. Just the fence. What else did you do besides
8 inspect the property in -- in preparation toward
9 completing your appraisal?

10 A. I drove around the area to see if there was
11 any for sale signs. I went to the County to -- to get
12 the assessed values and taxes. And then --

13 Q. On the subject -- subject property?

14 A. On the subject property, yes.

15 Q. And what else?

16 A. Then I went back to the office, investigated
17 the sales activity, called appraisers that are
18 knowledgeable --

19 Q. How did you -- how did you invest the --
20 investigate the sales activity?

21 A. I went on the multiple service listings to
22 see if there was any listings or any sales that have sold
23 in that area.

24 Q. All right. And besides that, what did you
25 do?

1 A. I called up appraisers that I know that are
2 active in that market, and discussed the market with
3 them, and -- to see if they had any sales.

4 Q. And what did you determine; did -- did you --
5 did you determine the nature of the market up there at
6 this time, in May of 2012?

7 A. Yes. It's still in a depressed market.

8 Q. What do you mean by that?

9 A. There is little activity. There is listings
10 on the market. Most of the large acreage, such as the
11 subject property, which is 333.62 acres, most of those
12 listings that are above 40 acres, there's -- I think I
13 found 13 listings, 10 or 13, and they're on the market
14 for over 100 days.

15 Q. What does that tell you?

16 A. That there is little interest in the market
17 right now. Few buyers, little interest.

18 Q. What else did you do before completing your
19 appraisal of this property?

20 A. I'm not sure if I did --

21 Q. I'll ask another question.

22 A. -- besides, you know, start --

23 Q. Start --

24 A. -- to write.

25 Q. -- did you prepare a written report?

1 A. Yes, I did.

2 Q. Would you please turn to Exhibit H.

3 A. Yes.

4 Q. Can you identify Exhibit H for me, please?

5 A. Yes. It's the appraisal report that I
6 completed in May of 2012.

7 Q. Is it a true and accurate copy of your
8 appraisal?

9 Take a few minutes to thumb through it to
10 make sure it's complete and accurate.

11 A. Yes.

12 Q. Did you prepare that report in -- in
13 accordance with the -- the standards, the general
14 appraiser or a -- an accredited rural appraiser?

15 A. Yes, I did.

16 MR. KERL: I move the admission of H,
17 Your Honor.

18 MR. DIXON: No objection, Your Honor.

19 THE COURT: H will be admitted.

20

21 (Plaintiff's Exhibit H is admitted.)

22

23 THE COURT: And just to remind me, if I
24 understand the stipulation, A through G were already
25 admitted by that agreement; is that right?

1 MR. KERL: That's correct, Your Honor.

2 THE COURT: Okay. So -- so, A through H were
3 admitted.

4 MR. KERL: Correct.

5 Q. BY MR. KERL: Based upon your investigation
6 of the property covered by the Lake Cascade Air Park
7 mortgage, do you have an opinion as to its value?

8 A. I arrived at an opinion of value of
9 \$1,335,000.

10 Q. And explain to the Court how you came to that
11 opinion.

12 A. I did my analysis; I concluded that the only
13 approach that is necessary for this assignment was the
14 sales comparison approach and I completed that approach
15 using the similar sales to the subject property in the
16 market.

17 Q. And why didn't you use the cost approach?

18 A. There are no improvements on the subject
19 property; therefore, the cost approach is not necessary.

20 Q. And why did you not use the income approach?

21 A. The income approach typically isn't used on
22 property such as the subject property. The typical
23 buyers are not as interested in the income off the land
24 as they are as the aspects of the grazing and -- and
25 recreation.

1 Q. So, you used the sales comparison approach?

2 A. Yes, I did.

3 Q. How would you describe the market data that
4 you were able to find in connection with your appraisal?

5 A. Very limited due to the inactivity in the
6 area.

7 Q. Do you have an opinion as to why there's
8 limited activity in the area?

9 A. Because the developers are no longer active
10 in this market. There are several residential properties
11 that are on the market. So, when you have a problem with
12 too much supply, you have little demand, there is no
13 reason to build new developments in the area. So -- and
14 the economy in the area is limiting the buyers. There's
15 little pur -- purchasing power in this market.

16 Q. What -- what do you attribute the stagnate
17 market in Valley County to?

18 A. The fact that Tamarack has closed; that has
19 depressed the market very much. Buyers that had bought
20 properties for speculation or future development, there's
21 no demand, so they are either trying to sell their
22 properties or the properties went back into bankruptcy
23 with banks. Banks have taken over those properties,
24 so it's -- it's depressed the market.

25 Q. In your investigation as to comparable sales,

1 did you find any sales for bank owned properties?

2 A. Yes. On page 11, sale No. 10, which is next
3 to the subject property, was a bank owned sale.

4 Q. And what was the reported purchase price per
5 acre on that piece of property?

6 A. 1,550,000.

7 Q. And on a per acre basis, what was it?

8 A. On a per acre bay -- basis, \$2,826 an acre.

9 Q. And when -- when did that sale occur?

10 A. 9 of -- of '11.

11 Q. September 11th --

12 A. Yeah.

13 Q. -- of 2011?

14 A. 2011.

15 Q. All right. Did you do any -- perform any
16 analysis as to the highest and best use of the subject
17 property, the Lake Cascade property?

18 A. Yes, I did.

19 Q. Explain to the Court what is -- what is --
20 what are the components of a highest and best use
21 analysis.

22 A. The highest and best, use you look at four
23 uses that contribute to a subject property. That is the
24 legal use; if the County only allows for one use, then
25 you only have one legal use that you can use that

1 property for. Then you look at the physical uses; does
2 the physical uses allow for any other uses? And if they
3 do not, then -- then that one use would probably be
4 applied to that property.

5 Then you look at the feasible use of the
6 property.

7 And let me go back. So, the legal uses can
8 be any type of uses that the County allows. The physical
9 uses would be topography, location, access, water rights,
10 soils, what physically is on that property.

11 The feasibility use looks at what's feasible
12 on this property; is it cost productive or feasible to
13 develop, or to do any other type of uses, or is it not
14 cost effective on the subject property.

15 Then you look at the maximum productive use
16 of the property. What are other surrounding properties
17 doing; is there any buyers for those type of uses? And
18 then, you conclude what the highest and best use is.

19 Q. Did you perform that analysis on the subject
20 property, the Lake --

21 A. Yes, I did.

22 Q. And, if you would, address your analysis on
23 each of those four components with respect to the subject
24 property.

25 A. The legal use; the property is zoned multiple

1 use, which is the current and highest and best use of the
2 property. It does allow --

3 Q. When you -- when you say -- oh, oh, I think I
4 interrupted you. I'm sorry.

5 A. That's fine.

6 Q. Go ahead.

7 A. No, that's okay.

8 Q. What do you mean by multiple use?

9 A. In the multiple use, in the zoning for the
10 County, it can allow for single family dwellings, as long
11 as it does not pertain to high water table properties.
12 What I mean by that, that can be wetlands or it can be
13 sub-irrigated properties that have high water table.

14 The County also stipulates that in some areas
15 it might be zoned multiple use, but they want to keep it
16 in agricultural use.

17 Q. How is this property looked at by the County;
18 how is it zoned?

19 A. According to the zoning, they said that it
20 would be kept in agricultural use. They did not feel
21 that this property was suitable for development.

22 Q. Did they give a reason?

23 A. It has high water table. It's -- it's
24 considered not able to allow for individual septic
25 systems. They call it perc, it won't perc.

1 Q. Okay. So, could this property be developed
2 into multiple housing units?

3 A. According to the County, they said no when I
4 talked to them.

5 Q. All right. That was the legal use. What
6 about physical use?

7 A. The physical use on the property, I felt, was
8 the -- it's conducive to irrigated pasture. The soils
9 are conducive to irrigated pastureland or agriculture.
10 It conforms to the sound -- surrounding areas; all the
11 properties around this -- the subject are also irrigated
12 pastureland.

13 Q. And what about the feasible use?

14 A. The feasibility uses, as I stated, it said
15 that the owners had platted this property, but the
16 property hadn't been approved by the County. It -- the
17 feasibility, if -- there's no active developer buyers in
18 this market, at the current date of the appraisal report,
19 so feasibly it would not be suitable for development or
20 be sold as development property.

21 The costs to bring the property -- and I also
22 considered the wetland mitigation. The cost to do that
23 is very high, the time -- it's very time consuming, and I
24 determined that that would not be a feasibility use on
25 the subject property.

1 The maximally productive use, I determined
2 that because the buyers out there are neighboring
3 ranchers or neighbors in that area, wanting to keep it in
4 agricultural prop -- agricultural use, that that would be
5 the maximally productive use of the property.

6 Q. And -- and again, would you restate what
7 you've considered to be the highest and best use?

8 A. The highest and best use of the property is
9 as agriculture. As improved, I said it could be ag with
10 limited recreation influence.

11 Q. Have you taken any steps, since May of 2012,
12 to see if any of the characteristics of either the
13 property or the marketplace have changed?

14 A. Yes, I did.

15 Q. And when did you do that?

16 A. When did I do it?

17 Q. Yes.

18 A. Last week. I started probably the week
19 before and concluded last week.

20 Q. All right. And what did you find; did you
21 find anything different with the current status of either
22 the marketplace?

23 A. No, I did not.

24 Q. See any change in the use of the property?

25 A. No, I did not.

1 Q. And is -- did you discover any facts that
2 would lead you to alter your opinion of value that the
3 property is worth 1.335 million?

4 A. No.

5 Q. Is there an active market in Valley County
6 for agricultural land?

7 A. Yes. It's very limited, but I think there is
8 some desirability for the ranchers to add on to their
9 existing properties.

10 Q. What kind of hold time -- or did you build
11 any -- in any kind of hold time in reaching your
12 valuation?

13 A. My marketing exposure time is -- let me be
14 accurate. It's on page 16, 12 to 24 months.

15 Q. Okay. I'd like you to turn to page 19 of
16 your report. Do you -- can you tell me what that is?

17 A. That's the appraiser's certification.

18 Q. And can you tell me what that -- what --
19 what the certification is -- what's the purpose of the
20 certification?

21 A. It's to let the client know that you have no
22 biased, or -- or you're not an advocate, or you have no
23 interest in the subject property.

24 Q. Have you ever been asked to give an opinion
25 of value on a determine -- predetermined amount?

1 A. No.

2 Q. Has Northwest Farm Credit ever asked you for
3 an opinion of value of a predetermined amount?

4 A. No.

5 Q. Have you been ever asked to establish a value
6 in order to serve a legal goal of Northwest Farm Credit
7 Services?

8 A. No.

9 Q. Is the certification required by any of the
10 agencies that -- from -- with -- through whom you're
11 either licensed or certified?

12 A. It's -- yes. By Uniform Standards of
13 Professional Appraisal Practices, USPAP.

14 Q. Have you been influenced at all in giving
15 your opinion, inappropriately?

16 A. No.

17 Q. I'd like you to turn to your comparable sales
18 if you would, please, Ms. Robbins.

19 I think that the first begins at page 10
20 of 37.

21 A. On page 10, yes.

22 Q. All right. Describe for the Court sale
23 No. 1 and how it compared to the subject property.

24 A. Sale No. 1 is a 2009 sale, and -- did you say
25 sale number --

1 Q. And -- and compare it to the --

2 A. Sale No. 1; okay. I just wanted to make
3 sure. Okay. Sale No. 1, the sellers were liquidating
4 the property. They're from -- they were from California.
5 They got caught up in the excitement of Tamarack, and --
6 and the area, and they were going to build on the
7 property. It's two separate 20-acre parcels; it's two
8 miles northeast of Donnelly; and it has undulating
9 topography, which means that it's -- it's a slope and
10 it's up and down topography.

11 It's on Finlandia Road, which is east of
12 Highway 55, and it's a County gravel road, and it's not
13 open all year around. It has high water table and can
14 only have one building site, according to the County.
15 It is also zoned multiple use. And it had -- there's
16 power and phone service on the road.

17 It is slightly inferior to the subject, I
18 said, due to location and access. You would -- it's not
19 right off the highway, it -- you have to travel back in
20 to it. But it's considered similar as it does not have
21 any trees on the property, it's just pastureland.

22 Q. And what was its sale price?

23 A. The sale price on that was 115,000, or \$2,717
24 per acre.

25 Q. Now, go through sale No. 2 and explain for me

1 how that compares to be -- how that property compares to
2 the subject property.

3 A. Oh, sale No. 1 is also a 40-acre tract;
4 sorry.

5 Sale No. 2 is 150 acres. It sold for
6 7,900 -- \$799,000. This is east of Donnelly; it has some
7 timberland, and it's off of Gold Fork Road. It was an
8 irrigated pastureland at the time of the sale.

9 Q. I note that this sale is back in September of
10 2004; why did you chose this particular sale?

11 A. Because the buyers in that market are similar
12 to the buyers in today's market, where 2004 was starting
13 to have some increase in values, but it didn't have the
14 Tamarack development, and didn't have the outside
15 influence of buyers coming in because of Tamarack.

16 So, it -- I chose it because No. 1, it was
17 158 acres, this is a large tract of land. And I felt
18 that it would be similar to the values that are being
19 bought in today's market.

20 Q. Okay. Go ahead, then, and continue on with
21 your --

22 A. Okay.

23 Q. -- description.

24 A. It has views of the Westrock Mountains, and
25 Cascade Lake is approximately ten miles west. There was

1 a cabin on it, but it didn't have any value. The sale is
2 superior, when compared to the subject property, because
3 it's east of Donnelly and it's -- I felt, because of
4 location, it was superior to the subject property.

5 Q. And what was its sales price per acre?

6 A. This was 4,297.

7 Q. Now, take sales number -- sale No. 3 and
8 compare it to the subject.

9 A. Sale No. 3 is also sale No. 1, and it sold in
10 2004. It sold for 2,728 per acre, so very comparable to
11 the sale and the resale.

12 Q. All right. Then, let's talk about sale
13 No. 4 then.

14 A. Sale No. 4, it's located in the Roseberry,
15 which is -- and Farm to Market Road -- which is north of
16 Donnelly and east. It's -- has some gentle undulating
17 topography. It is also fenced, with cattle grazing,
18 pasture at the time of the purchase. The utilities are
19 on the road.

20 This sale sold for \$3,660 per acre, which I
21 felt would be slightly comparable to the subject property
22 due to the size, it -- it is 55 acres, which is a little
23 bit smaller than the subject.

24 Q. Is the market different for larger versus
25 smaller parcels, for example something under 40 acres

1 versus something greater than 40 acres?

2 A. If it's under 40 acres, it's considered more
3 residential influence than if it would be over 40 acres.
4 If -- if you're buying something in that area just to
5 recreate and to get away from people, taking care of more
6 than 40 acres is more of a burden than if you're buying
7 something under 40 acres. So, it'd be more desirable to
8 that type of buyer to buy something less than 40 acres
9 than to buy something larger --

10 Q. Does that --

11 A. -- like the subject property.

12 Q. -- would that have an influence, then, on the
13 price, the smaller acreage?

14 A. It can. I didn't do size adjustment because
15 I couldn't see where there would be a size adjustment.
16 But then again, I used properties that were over 40 acres
17 than under 40 acres.

18 Q. Looking at sales numb -- sale No. 5, can you
19 compare it to the subject property, please.

20 A. It's a 2005 sale; had a slight of that
21 influence in development. The buyers -- after he
22 purchased it, he split off 60 acres and sold it. It's
23 level topography and is in pastureland. The buyer's
24 motivation was investment and development. The
25 property -- oh, I did say that. The sale is

1 approximately half a mile south of Roseberry, on Barker
2 and Farm to Market Road, which is north and east, quite a
3 ways from the subject property. This sale sold for
4 3,000 -- ph, 4,472 an acre.

5 Q. All right. Turning the page to sale
6 No. 6 --

7 A. Uh-huh.

8 Q. -- that was in May of 2012.

9 A. This is a recent sale; 42 acres. I included
10 that sale because it is a 2012 sale. This property is
11 north of Donnelly and southwest of McCall. It's situated
12 at the end of West Lake Fork Road. It has trees on it,
13 aspens, ponderas -- ponderosa pine trees. It has
14 availability for building sites. There's views of the
15 Payette River on the west boundary.

16 The property was on the market for only
17 77 days. It is zoned timber use by the County, which is
18 a different use than the subject property. I stated that
19 it's a higher sale.

20 It does have timber, which is superior to the
21 subject property. Typically, if you have buyers that are
22 looking for -- to build a house, they want timber. They
23 don't want to have open space. They want to be up in the
24 mountains.

25 Q. You say this property, sale No. 6, is also

1 zoned for timber use, so the --

2 A. Yes.

3 Q. -- the tim --

4 A. It --

5 Q. -- the timber could be --

6 A. -- it had a different zoning. I included it
7 because it -- it was a 42-acre bare land sale that was
8 recent.

9 Q. Okay. And it --

10 A. And I stated, it -- it's superior to the
11 subject property because of the timber use, and because
12 it has timber on it, and the location. And it sold for
13 \$7,134 an acre.

14 Q. Can the timber be harvested on this property?

15 A. I did not investigate that, no. But given a
16 timber use, I don't know if it was -- if they'd already
17 harvested before they sold the property. I don't know
18 that.

19 Q. And that property, you had an adjusted sales
20 price of 7,000 an acre?

21 A. Yes.

22 Q. That's 3,000 an acre more than what you
23 valued the subject property.

24 A. Yes, it is.

25 Q. And can you explain to the Court why you feel

1 that that 7,000 is not an accurate figure for the subject
2 property?

3 A. It truly isn't comparable because of the
4 zoning, and location, and the fact that it does have
5 timber.

6 Q. Okay. Could you, then, look -- describe sale
7 No. 7, and compare it to the subject property, please.

8 A. Okay. Sale No. 7 is also 42 acres; it sold
9 for \$190,000. The sale is irrigated pastureland, it lies
10 east of Highway 95, a half a mile north of Lake Fork
11 Road. The property is level, with some slope, and is
12 fenced for livestock grazing. This was a bank
13 repossessed property, and sold on a contract at
14 9.5 percent interest.

15 The property has dirt ditches for flood
16 irrigation. It's superior to the subject as to location.
17 It's between Donnelly and McCall, which is in a more
18 desirable area than the subject property.

19 Q. Okay. And would you describe sale No. 8 and
20 compare it to the subject property, please.

21 A. Sale No. 8 is a 2005 sale; it's 68 acres.
22 It is located four miles southeast of Lake Fork, on
23 Finn Church Lane. The property is level, with some
24 undulating topography and a moderate view of
25 West Mountain. It was in irrigated pasture with few

1 trees. It did have some, but few.

2 The soils -- I won't go into the soils.
3 Utilities include power and phone on the road, wasn't in
4 the property. The property is -- was purchased for
5 investment and possible development. It's -- I felt it
6 was superior to the subject as to location and that it
7 was purchased for development and -- and investment. It
8 sold for \$7,568 per acre.

9 Q. And would you describe sale No. 9, and
10 compare it to the subject property, please.

11 A. Sale No. 9 is a 40-acre tract; it's irrigated
12 pastureland. It's situated in Round Valley area, which
13 is south of the subject property. It's right off of
14 Highway 95. It has view of the valley, but it's not a
15 comparable view as to the subject, the Cascade Lake and
16 area.

17 It can be split into 20-acre parcels, so
18 there's no limitation on the property. There is a canvas
19 building, dome building on the property, but it wasn't
20 valued. It was on the market for 68 days; the buyer is
21 from the Boise area. It -- topography is level; zoning
22 is multiple use. After the purchase, the buyer put a
23 deck and some other structures.

24 This -- this property is felt to be slightly
25 superior. It's inferior as to location, but it was sold

1 in the early part of 2008, so it's superior as to time.
2 It was purchased at that -- right before the -- the
3 downturn of the values in that area.

4 Q. Okay. And lastly, if you would, describe
5 sale No. 10 and compare it to the subject property.

6 A. Okay. Sale No. 10 is 548 acres; it lies next
7 to the subject property. It was a bank repossessed sale.
8 The buyers bought it for the agricultural use on the
9 property. It's zoned the same as the subject property.
10 It's in irrigated pasture and has historically been used
11 by livestock. It's larger than the subject and it has a
12 small portion that is in timber. The property has about
13 2,000 feet on Lake Cascade.

14 It was purchased previously for development,
15 and the bank received the property back in foreclosure.
16 The buyer's motivation was for livestock and recreation.
17 At the time of the -- the sale, there were two competing
18 ranchers that felt -- they were trying to negotiate at a
19 lower price, but they finally came to this price.

20 I felt that because it was only on the market
21 for three months, that it was a bank repossessed sale, I
22 felt that if compared to the subject property, and if I
23 put the subject property on the market at the time that I
24 did the appraisal, that the subject would -- based on the
25 exposure time of 12 to 24 months, could be sold at a

1 higher value than this sale. It sold for \$2,826 per
2 acre.

3 Q. And based upon your analysis of these
4 comparable sales, what do you feel is a fair market value
5 per acre of this property?

6 A. I felt that the -- a fair market value for
7 the subject property, based on the definition of market
8 value and its current and highest and best use, that
9 4,000 an acre would be reasonable.

10 Q. And for the number of acres, that value would
11 total 1,335,000?

12 A. Yes.

13 Q. You mentioned in your report that the owner
14 of this property was considering a Wetland Bank?

15 A. Yes.

16 Q. Could you describe for the Court what you
17 understand a wetland bank to be.

18 MR. DIXON: Your Honor, I'll object on the
19 grounds of foundation. The witness has been qualified as
20 an expert to provide an opinion on the valuation of the
21 property, not what her understanding of wetland --
22 wetland mitigation is.

23 MR. KERL: Your Honor, I just asked for her
24 understanding, and I think she's fair -- it's a fair
25 question for her to ask -- or answer. She mentioned it

1 in her appraisal report and it is a consideration that
2 she took into account. And she has information I think
3 that would be relevant to the Court's decision.

4 THE COURT: I'll overrule the objection.

5 Q. BY MR. KERL: You may answer the question,
6 which was, what's your understanding of a Wetland
7 Mitigation Bank?

8 A. My understanding of Wetland Mitigation Bank
9 is that when an owner of a property has wetlands, and he
10 destroys the wetlands or changes the use of the wetlands,
11 that under the Clean Water Act he is obligated to replace
12 what acreage of that wetlands was -- that he destroyed.
13 And he can either go and buy similar property, that has
14 the same acreage that he destroyed of wetlands, or he can
15 go into the Wetland Bank and buy credits.

16 The Wetlands Banks is controlled by the
17 Corp of Engineers. They determine how you develop your
18 wetlands to be banked as credit in the Wetland Bank. I
19 also -- my understanding, with the Wetland Banks, is that
20 during the process of developing your property for a
21 Wetland Mitigation Bank, the Corp of Engineers tells you
22 how to do it. You have a lot of cost and expense into
23 it.

24 Then, when you put those credits into the
25 bank, you don't sell those credits right away. It can

1 take 10 to 20 years to sell those credits.

2 Q. As an appraiser, are you aware of any current
3 market for wetland credits in the Valley County area?

4 A. No, I am --

5 MR. DIXON: Renew my objection --

6 THE WITNESS: -- not.

7 MR. DIXON: -- Your Honor. Renew my
8 objection on foundation grounds with regard to the
9 valuation --

10 THE COURT: Well --

11 MR. DIXON: -- of credits.

12 THE COURT: -- maybe you ought to tell me
13 where you think foundation is lacking.

14 MR. DIXON: Your Honor, the witness has
15 been -- has been accredited as an appraiser with regard
16 to this market, with regard to real property. No
17 foundation has been provided that she has any experience
18 or licensure with respect to identifying the value of the
19 credits per credit basis.

20 THE COURT: Is there -- is there a licensure
21 requirement?

22 MR. DIXON: That's -- I mean, that's up --

23 THE COURT: No. You're --

24 MR. DIXON: -- to this witness to talk about.

25 THE COURT: No, no, no, no, no. You're the

1 one that said that there's a lack of foundation, so tell
2 me, is there a licensure requirement?

3 MR. DIXON: I'm not aware of a licensure
4 requirement, Your Honor. What I'm say --

5 THE COURT: So, take that --

6 MR. DIXON: -- what I'm say --

7 THE COURT: -- one out of the equation; all
8 right?

9 MR. DIXON: -- we don't have any -- we don't
10 have any information about what this witness' background
11 is, whether she's ever done a valuation on a credit,
12 where she got the information on the credits, so it's the
13 valuation piece that I would object to.

14 MR. KERL: I didn't even ask for value, I
15 asked her if she was aware of a market for Wetland
16 Credits.

17 THE COURT: Well, I'm overruling the
18 objection.

19 Q. BY MR. KERL: Are you aware of a market for
20 Wetland Credits in the Valley County area?

21 A. No, I am not.

22 Q. Do you know if there are other wetlands
23 properties in Valley County that are not part of a
24 Wetland Mitigation Bank?

25 A. There are -- according to my sources, there

1 are a lot of acreage that are wetlands in that area. And
2 so, there would be a lot of competing properties because
3 a lot of the acreages do have wetlands.

4 Q. Do you know -- do you recall getting a -- a
5 report from the Fish and Wildlife Service that identified
6 the number of wetlands in Valley County?

7 A. The report said there's over 600,000 acres of
8 wetlands in Valley County.

9 Q. And those are wetlands that could be
10 purchased to mitigate any destruction of wetlands by a
11 developer in Valley County?

12 A. Yes.

13 MR. KERL: I believe that ends my questions.

14 THE WITNESS: Okay.

15 MR. KERL: Thank you.

16 THE COURT: Cross-examination?

17
18 CROSS-EXAMINATION

19 BY MR. DIXON:

20 Q. Good morning, Ms. Robbins. My name is
21 Brad Dixon; we -- we were introduced off the record.
22 Thank you for being here today. I just have a few
23 questions I'd like to run past you.

24 What I -- I want to make sure that I'm -- I'm
25 clear on a few things. You concluded that -- that only

1 the sales comparison was -- was needed for purposes of
2 this particular valuation; is that correct?

3 A. It was necessary, yes.

4 Q. Okay. And you -- you came to that
5 conclusion, I believe you said, because there -- there
6 weren't any improvements upon the land?

7 A. Yes.

8 Q. And did you -- did you testify -- I -- I was
9 a little unclear what you said. Did you testify that
10 this property cannot be used for development?

11 A. I stated that the -- according to the County,
12 that they -- there was no approved plan. And that they
13 felt that because of the wetlands on the property, or the
14 high water table, that they would not approve any. And
15 I'm just telling you what the County told me.

16 Q. Who told you that?

17 A. I talked to the planning and zoning.

18 Q. Who at planning and zoning told you that?

19 A. I can't remember their name; sorry.

20 Q. Was that one of the commissioners?

21 A. It was not a commissioner. It was the person
22 that works at the planning and zoning.

23 Q. Was that in the context of having a plat for
24 a potential development in front of the planning and
25 zoning --

1 A. It was --

2 Q. -- commissioners?

3 A. -- in that context, plus the fact that they
4 knew where the property was.

5 Q. Okay. Are you, yourself, familiar with any
6 proposed plats or plans for development for the property?

7 A. Yes. Mr. Miller came into my office and --
8 and showed me the plats, plan.

9 Q. When was that?

10 A. That was in 2008.

11 Q. Okay.

12 A. And I think I included that in my report.

13 Yeah. It was in 2008, yes.

14 Q. You said that the wetlands mitigation process
15 is expensive and time consuming?

16 A. That's what I was told, yes.

17 Q. You were told that. Who --

18 A. Yes.

19 Q. -- told you that?

20 A. I talked with the transportation department.

21 Q. Who with the transportation department?

22 A. I talk to their appraiser.

23 Q. And who's the appraiser?

24 A. Greg Grayback.

25 Q. Greg who?

1 A. Greg, and it's Grayback, I think.

2 Q. Okay.

3 A. G-R-A-Y-B-A-C-K.

4 Q. Oh, okay. I'm sorry I didn't understand.

5 A. Yeah.

6 Q. And mister -- Mr. Grayback, what did he tell
7 you about the expense for coming to a wetlands mitigation
8 project?

9 A. We dis -- we discussed expenses, and he
10 related another property, that was in north Idaho, that
11 they developed into wetlands and it -- it was over a
12 million dollars to do so.

13 Q. Okay.

14 A. And it was a smaller piece of land.

15 Q. Was he aware of this particular piece of
16 property?

17 A. Yes, he was. He's the appraiser for the
18 transportation department, and that's his specialty.

19 Q. Is he also the one that told you you can't
20 sell them for up to 20 years?

21 A. He said that it's very time consuming and it
22 could take up to 10 to 20 years to sell all the credits,
23 yes.

24 Q. To sell all the credits?

25 A. Yes. That you have banked, yes.

1 Q. Okay. You would agree with me, wouldn't you,
2 that there is quite a bit of subjective information that
3 goes into an appraisal report?

4 A. Subjective or objective?

5 Q. Subjective.

6 A. Would you describe subjective to me?

7 Q. Certainly. You have to make a number of
8 conclusions about what properties compare to other
9 properties; true?

10 A. True.

11 Q. And you have to make discounts for certain
12 types of properties being better in the market versus not
13 as good in the market?

14 A. Yes.

15 Q. For example, you -- you considered the one
16 property that had a timber use, looked at the per-acre
17 price, concluded that it was similar based on its size,
18 and its -- and its sale in the market, but dissimilar in
19 the sense that it had a different proposed use and had
20 the timber availability?

21 A. You're referring to sale No. 6. It was not
22 comparable in size, it was smaller, 42 acres.

23 Q. Okay. And, in fact, on the appraisal cover
24 memorandum, you identified your reliability of the market
25 information as poor; isn't that true, first page of -- of

1 Exhibit H?

2 A. Yes.

3 Q. Okay. And it's also fair to say, isn't it,
4 that the more comparables and the more information you
5 have on the market, the better your analysis can be about
6 what the value of the property is?

7 A. It'd make my life easier, yes.

8 Q. All of us, believe me. Okay.

9 What specific instructions did you get from
10 your employer, Northwest Farm Credit Services, prior to
11 starting your opinion in this case?

12 A. I got a request, which is through our
13 website, from Farm Credit Services, from Rod Endow. And
14 it told -- you know, it gave me the request, the name of
15 the property, and the credit officer, and told me the
16 date that it was due.

17 And Rod came over to my office and asked me
18 if I could meet that date and I said yes, I can.

19 Q. What information did Mr. Endow give you about
20 the property when you met with him?

21 A. He give me no information.

22 Q. Did he tell you what the plans were with the
23 property?

24 A. No.

25 Q. Did he tell you what the status of the loan

1 was on the property?

2 A. No.

3 Q. When did you first become aware that this
4 process was important, that this property was in
5 foreclosure.

6 A. When I was told that I was going to have to
7 testify.

8 Q. I understand. So, at the time -- at the
9 time of doing the appraisal, you weren't aware of any
10 negotiations, or foreclosure --

11 A. No.

12 Q. -- procedures, or anything like that?

13 A. No.

14 Q. Let's look at the comparables in Exhibit H
15 again, so let's go to, I guess, page 11. Brandi can
16 bring it up on the screen, but I --

17 A. I think it starts at ten.

18 Q. Is it ten? Okay. Let's go to ten.

19 It's true, isn't it, that only -- let's
20 see -- No. 6 and No. 10 were sold in the last two years?

21 A. Yes.

22 Q. Okay. And just -- just to reiterate, 6 you
23 concluded is not comparable?

24 A. It's not comparable. I said I used it
25 because it was the most current sale, it was a bare land

1 tract, but it's not comparable because it has timber and
2 it's timber use.

3 Q. Okay. And 10 is actually --

4 A. And location.

5 Q. -- 10's based on a foreclosure sale; correct?

6 A. Yes. I felt that it was -- probably because
7 it was foreclosure, as was the lower end of the market.

8 Q. Okay.

9 A. And if I put the subject property on the
10 market for 12 to 24 months, I could get a better price
11 than that.

12 Q. Do any of the comparables that you utilized,
13 Nos. 1 through 10, have an operational airstrip on the
14 property?

15 A. I do not think they do. However, the subject
16 property doesn't either.

17 Q. So, you didn't take into consideration the
18 existence of an airstrip?

19 A. No, I did not.

20 Q. You would agree that an airstrip would be an
21 improvement; correct?

22 A. I really can't answer that. I mean, I could
23 see where it could be a detriment; I could see where it
24 could be an improvement.

25 Q. So, you don't know?

1 A. I can't tell you because there's nothing in
2 the market that tells me that it would enhance the
3 property value. Might enhance the property, but I don't
4 know if it would enhance the value because there's no
5 conclusion from the market as to if an airstrip would
6 contribute value.

7 Q. None of the comparables you looked at had an
8 airstrip; true?

9 A. None of the comparables did.

10 Q. Did you talk with either the FAA or the
11 State of Idaho concerning the airstrip?

12 A. No, I did not.

13 Q. And you did not -- I think you've answered
14 this, but I want to make -- make sure -- you did not
15 consider the potential for Wetland Mitigation Credits
16 either as a pro or a con in your evaluation?

17 A. In my highest and best use analysis, I felt
18 that the feasibility of putting the property into
19 wetlands would not be a good use.

20 Q. Okay.

21 A. It'd be too expensive.

22 Q. When is the last time you appraised a piece
23 of property that had Wetland Mitigation Credits
24 available?

25 A. I don't think I ever have.

1 Q. Okay. Did you talk with the owners of the
2 property prior to making your conclusions?

3 A. I did not talk to Mr. Miller or the other
4 gentleman. I can't say his name.

5 Q. Mr. Buich?

6 A. Yes. No, I did not.

7 Q. Okay. Did you speak with any of the
8 individuals who performed the -- the hydrology reports
9 concerning the property relative to Wetland Mitigation
10 Credits?

11 A. No, I did not.

12 Q. Other than, I believe you said Mr. Grayback,
13 did you speak to anybody else about Wetland Mitigation
14 Credits?

15 A. Yes, I did.

16 Q. Who else?

17 A. I spoke to another appraiser.

18 Q. Who was that appraiser?

19 A. Bill Nelson. He's the MAI.

20 Q. Okay. What did Mr. Nelson tell you?

21 A. He told me basically the same thing. That
22 wetland mitigation is very expensive and time consuming.
23 And he also indicated that if the property were to be
24 mitigated in this market, that there's so many competing
25 properties with similar attributes as the subject that

1 they probably would buy other properties than buy the
2 credits.

3 Q. You've done an appraisal on this property
4 before, haven't you?

5 A. Yes, I have.

6 Q. When was that?

7 A. That was in 2008.

8 Q. Okay. What was your opinion in 2008?

9 A. And 2010.

10 Q. What was your opinion in 2008?

11 A. 2008 it was -- I think it was five -- I -- I
12 can't remember.

13 Q. Would --

14 A. I'm sorry.

15 Q. -- it be helpful to look at that report?

16 A. Yeah, I guess. I mean, I don't know if
17 it's --

18 MR. DIXON: Your Honor, with your permission,
19 I'll approach the witness?

20 THE COURT: Certainly.

21 THE WITNESS: -- we can guess. I think it
22 was 5,140,000.

23
24 (Document provided to the witness.)
25

1 Q. BY MR. DIXON: I've just handed you what's
2 been premarked as --

3 A. Yeah, 5,140,000. I was right.

4 Q. Let me -- let me lay a little bit of a
5 foundation, just so we're speaking apples and apples.

6 A. Uh-huh.

7 Q. I just handed you what we've premarked as
8 Exhibit 2. Is that the appraisal that we were just
9 talking about, the 2008 appraisal?

10 A. Yes.

11 Q. Okay. And could you re-state your conclusion?

12 A. It was 5,140,000.

13 Q. Okay. And in that appraisal, isn't it true
14 that you used a little bit different valuation method?

15 A. Yes, I did.

16 Q. You used the cost approach, in fact; didn't
17 you?

18 A. Well, let's see. Yes, I did.

19 Q. And you used the cost approach in that
20 appraisal because you concluded there were two potential
21 uses for the property?

22 A. In this appraisal, I was aware that there
23 were development properties going on at the time. There
24 was properties being sold in the market for potential
25 development, and properties were actively being developed

1 at this time in 2008. So, I had to use two different
2 analyses based on what that market was happening in 2008,
3 yes.

4 And -- and it's also to support my highest
5 and best use as is it feas -- feasible to do that, and in
6 that current market, yes, it was feasible to do that.

7 Q. And, in fact, in this appraisal you also
8 recognize the potential for development on the property?

9 A. Yes. That's what I just said, yes.

10 Q. Commercial development, in fact?

11 A. Uh-huh.

12 Q. Well, res -- limited residential development?

13 A. Right.

14 Q. Excuse me.

15 A. Yes. If it was feasible.

16 Q. All right. You -- you also acknowledge,
17 though, in the report, don't you, that the market was in
18 decline even in 2008, following the Tamarack bankruptcy?

19 A. It was -- you have to remember that
20 appraisers do not create the market, we reflect it. And
21 at that time, the sales were still showing increased
22 values. The potential there was for the market to
23 decline, yes.

24 Q. Let's go to page six of that opinion.

25 A. Uh-huh.

1 Q. At page six, you've got the land use divided
2 up into site A and site B.

3 A. Right.

4 Q. Site A being the part that you identify as
5 being able to be developed?

6 A. Yes.

7 Q. And then, a site B, which is part of a
8 wetland easement?

9 A. Yes.

10 Q. The portion that can be developed is
11 103 acres; is that true?

12 A. That's what I have, yes.

13 Q. Let's go to page 10 of 33. In the analysis
14 section, second to the last sentence, you state, because
15 of the zoning on this property, agricultural use with
16 some future building sites, paren limited, is more the
17 financially feasible and maximally productive uses; is
18 that what you said?

19 A. Yes. I said agriculture use, with some
20 future building sites, limited, is more the feas --
21 financially feasible and maximally productive uses.

22 Q. Okay. And so, acknowledging that you used
23 the cost approach only in this analysis, let's go and
24 look at your comparables at page 13 of 33. And on page
25 13 and 14, there appear to be 9 comparables that you

1 utilized; is that true?

2 A. Yes, it is.

3 Q. And these comparables were sold in -- No. 1
4 was eight of '07; No. 2 is December of 2006?

5 A. Yes.

6 Q. No. 3 is May of 2006?

7 A. Yes.

8 Q. No. 4 is February of 2005; No. 5 is June
9 of '05; No. 6 is June of '05 -- excuse me -- July of '05;
10 No. 7 is November of '03; No. 8 is January of '06; and
11 No. 9 is June of '05; is that correct?

12 A. Yup. Yes.

13 Q. And the per acre prices range everywhere from
14 No. 8, which is \$7,923.41 per acre; do you see that?

15 A. Oh, yes.

16 Q. All the way up to one comparable that you
17 utilized which is \$63,000 per acre?

18 A. Yes.

19 Q. No. 8, No. 3.

20 A. Yeah. But it's actually sale No. 8, but it
21 is in No. 3 position.

22 Q. You didn't take into -- into consideration
23 these comparables when you did your 2012 opinion, did
24 you?

25 A. No. Well, let me see No. 5.

1 Q. When you did this cost approach analysis,
2 what was the purpose of your -- of your appraisal at the
3 time?

4 A. The purpose?

5 Q. Yeah. Why were you doing the appraisal?

6 A. The purpose of the appraisal is to estimate
7 the current market value in an as is condition.

8 Q. Do you know what was going on, from a
9 transactional standpoint, between the Air Park, LLC and
10 the bank at the time you did this 2008 appraisal?

11 A. No.

12 MR. DIXON: Your Honor, I don't think I have
13 any more questions, but I would like to move for
14 admission of Exhibit 2 as impeachment evidence.

15 MR. KERL: No objection.

16 THE COURT: Exhibit 2 will be admitted.

17
18 (Defendant's Exhibit No. 2 admitted.)

19
20 THE COURT: That noise the computer made was
21 just to remind me that I have a trial today.

22 MR. DIXON: And you're late.

23 THE WITNESS: Glad you're here.

24 ///

25 ///

REDIRECT EXAMINATION

BY MR. KERL:

Q. Ms. Robbins --

A. Yes.

Q. -- Mr. Dixon asked you some questions about an airstrip; is there an airstrip on the subject property?

A. There is no airstrip on the subject property.

Q. Is there one close by?

A. There is one west of the subject property.

Q. Okay. Is it on --

A. Well, it's an abandoned airstrip.

Q. Is it on property -- other property owned by Lake Cascade?

A. To my knowledge, I think it is, yes.

Q. I don't think Mr. Dixon intended to cut you off, but I think you were trying to determine whether there were any comparisons in your 2008 appraisal that match up with comparisons in your 2012 appraisal.

Did you have an adequate time to determine that?

A. No.

Q. Okay. Do you think --

A. I -- I don't think so. I -- I was kind of looking at them. I just wanted to make sure.

1 Q. All right. None of those comparables in
2 2008 are reflected in your 2012 appraisal?

3 A. It didn't appear, no.

4 Q. Okay. Can you describe for the Court the
5 difference in the marketplace in 2008 versus the
6 marketplace you saw in 2012?

7 A. Well, you can see from the values it was
8 crazy. Yes. It was very active. There was --

9 Q. In 2008?

10 A. Oh, I'm sorry.

11 Q. Yeah.

12 A. In 2008, it -- when I did the appraisal,
13 Tamarack had just announced that they were filing
14 bankruptcy. There was still activity going on, and I --
15 in an appraisal, you can only use the sales that you
16 have. You can't predict what the market's going to do.
17 You can say there's a possibility that, you know, this
18 might change things, which I did in the report, but you
19 have to use what current market you have.

20 So, the sales that I used in that appraisal
21 were -- were current up to the date of that report.

22 Q. But those sales all pre-dated the Tamarack
23 bankruptcy; did they not?

24 A. They did, yes.

25 Q. Now, how was the market in 2005, 2006, what

1 do you recall of the marketplace at that point in time,
2 the time of these comparables in Exhibit 2?

3 A. The market was very active, and buyers were
4 not only in state, but out of state, mostly investors,
5 most -- most wanting to develop bare land into
6 subdivisions for recreation, houses, cabins.

7 Q. And so, your appraisal of 2008 reflected that
8 market?

9 A. Yes, it did.

10 Q. And is that market -- does that market exist
11 today?

12 A. No, it does not.

13 Q. How is it different?

14 A. It's drastically different. We do not have
15 those players in the market anymore. The developers
16 and -- and the out of state buyers are no longer active
17 in this market. The economy and the fact that you don't
18 have the Tamarack ski resort anymore has depressed the
19 area.

20 Q. And has it returned to a prior era, in terms
21 of value?

22 A. Yes.

23 Q. What era was that?

24 A. The era?

25 Q. Yeah.

1 A. The pre-development era of -- of local people
2 possibly interested in an -- an agricultural use.

3 MR. KERL: Thank you.

4 THE WITNESS: Okay.

5 THE COURT: Additional questions?

6 MR. DIXON: No further questions, Your Honor.

7 THE COURT: Thank you. You may step down.

8 THE WITNESS: Thank you.

9 MR. KERL: The plaintiff rests, Your Honor.

10 THE COURT: Okay.

11 Would this be a good time to take a 10-minute
12 break?

13 MR. DIXON: Yes, Your Honor.

14 THE COURT: Okay. Maybe 15.

15
16 (Recess taken.)

17
18 THE COURT: Be seated, thank you.

19 I had to report to Judge Neville what I'm
20 doing with his trial, making a hash of it.

21 You may call your first witness.

22 MR. DIXON: Thank you, Your Honor.

23 Defendant calls Donald Miller.

24 MR. KERL: Your Honor, I have a matter I'd
25 like to bring up to start with. I want to preserve an

1 objection, if I may?

2 THE COURT: Yes.

3 MR. KERL: We had filed a motion in limine to
4 limit the testimony of expert witnesses in this case. We
5 argued that before Judge Neville, and the Court didn't
6 grant the motion, denied the motion, but did order the
7 parties to further supplement their expert witness
8 disclosures, which were done on Friday, which is fine
9 pursuant to the Court's order.

10 My understanding of the law is that if I want
11 to preserve my objection to the expert witness testimony,
12 based upon failure to timely disclose or respond to
13 discovery, I have to make that objection at the trial to
14 preserve my objection on appeal, if necessary. So,
15 that -- right now, that's the purpose for my objection.

16 I am objecting to the testimony of the
17 defendants' expert witnesses, Mr. Miller or any other
18 expert called for purposes to testify because their
19 opinions and the basis and reasons for those opinions
20 were not timely provided in accordance with the Court's
21 ordered expert witness disclosure and in accordance with
22 the duty to supplement discovery responses.

23 THE COURT: Do -- do you want me to overrule
24 the objection now or do you want me to wait until I've
25 heard from the other side?

1 MR. KERL: You can -- you can do it however
2 you want. I just want to preserve the objection.

3 THE COURT: Okay. I -- I just -- I think
4 that -- I -- I understand that, and I -- I -- I think I'm
5 familiar with Judge Neville's ruling on the matter, and
6 we'll just go ahead with the presentation of the
7 evidence, and your objection is preserved.

8 MR. KERL: Thank you.
9

10 DONALD MILLER,
11 a party to the action herein, called as a witness, by and
12 on behalf of the defense, having been first duly sworn,
13 was examined as testified as follows:
14

15 DIRECT EXAMINATION

16 BY MR. DIXON:

17 Q. Good morning, Mr. Miller. Would you go ahead
18 and state your full name.

19 A. Donald E. Miller.

20 Q. And spell your last name for the record,
21 please.

22 A. M-I-L-L-E-R.

23 Q. Okay. Where you do reside?

24 A. 1912 North 17th Street, Boise, 83702.

25 Q. Would you give the Court a description of

1 your formal educational background?

2 A. Graduated from high school in 1964, completed
3 one year of college, Western State College, that's in
4 Colorado. Completed flight training 1967, completed
5 commercial multi-engine instrument ratings, completed my
6 real estate broker's license, state of Colorado, in 1971.

7 Q. Okay.

8 A. Completed five years as a candidate member
9 American Society of Farm Managers and Rural Appraisers -
10 excuse me -- a period of time, probably '88 through '93,
11 completed the Idaho State broker's licensing process
12 in '80 -- excuse me, '92.

13 Q. And, Mr. Miller, I -- I know that you have
14 a -- a very long professional history, but let's give
15 the Court a little bit of a thumbnail sketch of -- of the
16 types of business activities you've been involved with.
17 Let's -- let's say start at 1972, after you were done
18 with your -- your commercial piloting.

19 A. 1973 through 1975, I had a position with a
20 company called Ranch America Corporation, that was in the
21 business of acquiring, managing, and doing all the
22 financial management and on-site management for
23 corporations and wealthy individuals in the acquisitions
24 of farms and ranches from New Mexico to Canada.

25 And 1975 through 1986, I had three companies

1 at the same time; did acquisitions for myself and others
2 with large parcels and mostly farm and ranch and mineral
3 properties. Also started a comp -- two companies in '75,
4 '76. One was a company called United Energy, and it was
5 minerals exploration and development company, which we
6 sold in 1979.

7 1976 through 1984, we maintained a presence
8 as one of the larger oilfield construction and
9 reclamation companies in Colorado, Utah, and Wyoming.
10 And at the same time, we did quite a bit of mine
11 reclamation. Half the business was reclamation, the
12 other half of the business was construction.

13 From 1986 through 1989, I was VP of
14 operations and director of a public mining company, and
15 we had two operations, which I started, in Nevada, one
16 operation in Montana, and one in California.

17 I left -- at -- at the same time we still --
18 I -- for myself and others, partners, still did
19 acquisitions of different high resource properties.

20 1989, I purchased -- excuse me -- all the
21 leasehold facilities and operations in Telluride,
22 Colorado, of the -- all the airport operations and
23 airport structures in the leasehold, and sold that in
24 1992.

25 From '92 'til '94, I was a project -- I

1 was asked to be the project manager or the project
2 superintendent for reconstruction for the South Fork of
3 the Salmon Roadway. That was the largest environmental
4 project in the Forest Service region, and completed that
5 project with commendations, ahead of schedule and at
6 budget.

7 During this period of time, continued to do
8 acquisitions, higher resource acquisitions and
9 conservation of acquisitions for others and myself.

10 Got involved with the conservation business
11 more in 1994. I was on the Board of the BLM Trust. Also
12 had started with the appraisal process, to understand --
13 since the appraisal process is key to any conservation
14 easement, in fact it's the establishment of value, I
15 became as knowledgeable as I could, from the appraisal
16 process, to participate in doing work for clients, either
17 for acquisitions of property to dispose, and take
18 advantage of the tax benefits of conservation easements,
19 and mostly for families that were in the position of
20 exiting farms, ranches, other large parcels, to preserve
21 their basis and not -- not be taxed extremely high for
22 dissolution at their demise.

23 Did several projects, one of which was all
24 the resource analysis and assemblage for Rocky Barker
25 Family Trust, the ranch is called the Oxbow Ranch, from

1 1994 to '95. We completed that process, worked
2 extensively with Trust for Public Lands, the Nature
3 Conservancy, quite a few different agencies, to assemble
4 all the assets, life -- wildlife assets, water assets,
5 for two particular companies. I believe one was
6 called -- entities I should say -- one was called
7 Oregon Water. And since the Oxbow held a significant
8 amount of priority water rights, there was the
9 opportunity to arbitrage those water rights and sell
10 them.

11 In addition to that, the Oxbow owned
12 5,000 acres in what was called Logan Valley. Logan
13 Valley is the headwaters to the Malheur Reservoir and
14 Malheur River, very significant to the -- the
15 Confederated Tribes. Completed the transaction with the
16 Confederated Tribes, where they acquired the Logan Valley
17 for 5 million bucks, and that was a bargain sale for the
18 estate -- actually for the trust.

19 Completed several projects and requests that
20 were mostly project management projects that were real
21 estate based or construction based. I was asked to be
22 the project superintendent for the Lehigh project when
23 Micron built the site at Lehigh. So, for a period of --
24 started June, we shut down in December. We had some
25 clean up time, but I was responsible for the site

1 activities for that time period.

2 After that time period, we continued to --
3 I continued to do conservation based acquisitions for
4 myself and for others. Also was contracted to do
5 acquisitions for a timber company that was in the process
6 of acquiring properties up and down the Rockies, and the
7 portfolio was to be a conservation based utilization of
8 the timber resource and utilization of the property from
9 a value standpoint.

10 And so, we -- we've looked at properties
11 specifically from the standpoint of what the resource
12 base was, what those values were, and what the ability
13 was to utilize conservation easements and conservation in
14 a development scenario. We spent -- I spent two years
15 doing that. And at the same time, we continued with the
16 other assets that we had.

17 In 2000 -- excuse me, I'll back up to 1992.
18 I came to Idaho in 1992. Been involved with the aviation
19 community since the '70s, and in particular a group of
20 owners and pilots called Cessna 180 -- 185 Owners and
21 Pilots Association, and was an active member back into
22 the '80s. Became acquainted with Idaho and fly-ins that
23 they did in Idaho in 1989, which brought me to Idaho and
24 I spent a couple weeks here. Fell in love with Idaho and
25 determined that I was coming back to Idaho. Went back to

1 Colorado, sold everything in Colorado, and moved to Idaho
2 in 1992.

3 I was an integral part of the aviation
4 community. I was asked to be on the board of the Idaho
5 Aviation Foundation and Idaho Aviation Association, as a
6 member. One of the projects that was always high on the
7 list of the aviation community was Lake Cascade airport.

8 And this is --

9 Q. Let me stop you there --

10 A. Okay.

11 Q. -- and let me ask a few -- a few questions
12 about -- about that -- that issue, and let's -- let's get
13 into this property that we're actually here talking
14 about.

15 When did you first become aware of -- of the
16 property that's subject to this foreclosure proceeding?

17 A. First aware in 1989.

18 Q. Okay. And how did you -- how did you become
19 aware of it?

20 A. The Cascade Airstrip was recognized by all
21 the folks that utilized Idaho and the back country as one
22 of the premier recreational strips in Idaho. The State
23 of Idaho Department of Transportation, Division of
24 Aeronautics, had a lease on the airstrip in the '70s and
25 '80s, and it was during that ten years the highest usage

1 recreational airport in the state of Idaho.

2 Q. Let's -- let's clear up a little bit of
3 confusion, I think, from my questioning of Ms. Robbins
4 and certainly her testimony.

5 Where is this landing strip; is this on the
6 property that's the subject of the foreclosure case?

7 A. It's adjacent.

8 Q. Okay.

9 A. The -- the property -- the total property
10 package that we acquired was the property that's subject
11 to this case, plus an additional 200 acres of what is
12 commonly refire -- referred to as a cons -- agricultural
13 easement. It's a reserved interest deed right that was
14 withheld from the sale to the U.S. Government when they
15 built Lake Cascade -- Cascade Reservoir. That right's in
16 perpetuity for grazing and agricultural purposes, and
17 that runs to the water.

18 From the edge -- west edge of the deeded
19 property that is the subject of this case, to the water,
20 there's 200 acres. On that 200 acres, adjacent to the
21 water, is the Lake Cascade airstrip.

22 Q. Okay. Let's -- let's bring up a -- just a
23 demonstrative of a map, just so you can kind of orient us
24 here a little bit.

25 Is it -- is it on your -- is it your -- your

1 screen there?

2 A. Yeah.

3 Q. Okay. Maybe the laser pointer is a little
4 bit better way to do this.

5 MR. DIXON: If I may approach?

6 THE COURT: Sure. Just don't trip on that.

7 MR. DIXON: Yeah, I got it.

8 It's this top button.

9 I'm going to eventually.

10
11 (Laser pointer provided to the witness.)
12

13 Q. BY MR. DIXON: Okay. Okay. So, this is a --
14 this is sort of a -- a wide aerial. Could you show us
15 where the property is that's subject to the foreclosure
16 case?

17 A. The property subject -- subject to this
18 case.

19 Q. And then, the -- the agricultural easement
20 that you were just referring to, where is that?

21 A. Goes in -- goes into the reservoir;
22 217 acres.

23 Q. And where is -- where is the landing strip in
24 all of this?

25 A. (No verbal response.)

1 Q. Okay. And the -- what -- what entity has the
2 rights to the agricultural easement and the use of the --
3 of the landing strip?

4 A. Lake Cascade Air Park, LLC.

5 Q. Also -- also one of the borrowers on -- on
6 the loan that we're talking about today?

7 A. Correct. It's not part of the mortgage.

8 Q. All right. Okay. Can you tell me -- well,
9 let's -- let's -- let's step back a little bit.

10 Give me a -- kind of a transactional history
11 on the acquisition of the property, what -- what Lake
12 Cascade's LLC's purpose was in getting ahold of this
13 property.

14 A. 1992 was the first attempt that the
15 foundation -- Idaho Aviation Foundation and the aviation
16 community had to acquire the property. There had always
17 been a difficulty in the previous ownership dealing with
18 the Bureau of Reclamation because of kind of
19 long-standing conflicts. So, the resolution to that, we
20 felt collectively, as the Foundation, would be for a
21 third party to purchase the property at the price that
22 the seller was willing to sell it at. And then, we could
23 work with that particular individual to resolve the
24 issues with the Bureau of Reclamation.

25 We had a friendly purchaser in Ron Yonkee,

1 who owns the property that adjoins us, to purchase the
2 property and work with us to put the strip back into the
3 State inventory of airstrips.

4 We offered -- in fact I wrote the offer for
5 Ron -- \$1,100,000 in 1992. The seller of the property --
6 or the owner of the property at that time was a fellow by
7 the name of Vaughn Jasper, and he had an appraisal of
8 1.2 million, so we were very close, but just a little bit
9 apart. Because of the difference in prices, we were not
10 able to get that transaction closed.

11 Ron had given un -- earnest money to
12 Vaughn Jasper and let Vaughn Jasper keep the
13 nonrefundable money. But as con -- consideration for
14 that nonrefundable money -- nonrefundable money, Jasper
15 extended a first right of refusal to the Yankee family to
16 purchase whenever.

17 We continued not --

18 MR. KERL: Your Honor --

19 THE WITNESS: -- only to --

20 MR. KERL: -- Your Honor, if I could register
21 an objection. I don't know if that answer is responsive
22 or not, Your Honor, but it seemed more of a narrative
23 than a response to direct question. And I also question
24 the relevancy, where it's admitted that the air park or
25 the airstrip is not part of the subject property and the

1 issue is valuation of that property, not the airstrip
2 property.

3 So, I have two objections, not responsive to
4 the question and irrelevant.

5 THE COURT: Well, I -- I'm not quite sure
6 where we're going, but I can -- I -- I suspect that this
7 is to -- to show the effect of adjacent properties on
8 this -- on the value of the subject property.

9 Am I warm?

10 MR. DIXON: You're absolutely right,
11 Your Honor. I think we need to --

12 THE COURT: Wow.

13 MR. DIXON: -- we need to understand what
14 this property is, and what the intended use was, so that
15 we can --

16 THE COURT: All I --

17 MR. DIXON: -- understand the pieces that are
18 important. Okay. And then, I'll -- I'll -- I can break
19 up the questions a little bit, but admittedly I asked for
20 a narrative about the transition -- transaction history
21 of the property.

22 Q. BY MR. DIXON: When -- when did -- well,
23 let's -- let's -- let's start with, when did you form
24 Cascade, the -- the LLC that's the borrower on this file?

25 A. Cascade Air Park, LLC, is a single purpose

1 LLC, formed in nine -- in 2004, for the acquisition of
2 the entire property.

3 Q. Okay. And between that time period where you
4 mentioned that there was a -- essentially a breakdown in
5 the --

6 THE COURT: I -- can I just -- you said 2004
7 the acquisition; is that the -- the year 2004 or is that
8 year 2000 for the acquisition?

9 MR. DIXON: 2004 was the acquisition.

10 Q. BY MR. DIXON: Is that -- is that correct?

11 A. The year of 2004 --

12 THE COURT: Thank you.

13 THE WITNESS: -- was the acquisition.

14 Q. BY MR. DIXON: Okay. And between the --
15 the -- the initial offer, which I believe you said was in
16 1992 with -- with Mr. Jasper, and 2004, were there
17 continued negotiations regarding the use or purchase of
18 the airstrip or the adjoining property?

19 A. Con -- constantly.

20 Q. Okay. And -- and is it -- is it -- well,
21 tell -- tell me just quickly, what happened in -- in that
22 time period with regard to negotiations, were -- was --
23 was any -- were any business transactions entered, were
24 any -- anything -- anything dealt with concerning the --
25 the airstrip or the property in general?

1 A. The Idaho Aviation Founda -- Foundation, in
2 conjunction with the Division of Aeronautics and the
3 Bureau of Reclamation, continued dialogue to come up with
4 a solution to either purchase the strip by itself,
5 purchase the easement, or purchase the entire property
6 and work with both the Division of Aeronautics, who is
7 still very, very interested in seeing that open, and also
8 the Bureau of Reclamation, to resolve a long-standing
9 issue, and the airstrip was part of the management plan.

10 So, it was recognized as part of the
11 management plan as something that should happen.

12 Q. Okay. So, let's -- tell me about what
13 happened in 2004 for the acquisition of these properties.

14 A. 2000 -- well, back up to 2003 because it
15 actually start in 2003 -- we approached Vaughn to do a
16 couple different transactions. One would be a bargain
17 sale, where he could participate in some tax benefits for
18 a reduced cash price, and due to his tax position, he was
19 not able to take advantage of that. And we had agreed,
20 right at that point in time, that we would try to tender
21 an offer that was equal to what he wanted, and part of
22 what he considered his value of the property.

23 Q. Now, when you say we, I want to make sure
24 we -- we know who we're talking about.

25 A. Oh, Idaho --

1 Q. Who is we?

2 A. Yeah. Idaho Aviation Foundation, which I
3 was on the Board of at that time, tendered an offer to
4 Vaughn Jasper for 1 million -- roughly 1,400,000. He
5 accepted. We had acquired a friendly purchaser to step
6 in as an interim purchaser for the Foundation, take
7 title. He would participate in some tax benefits with
8 the Foundation, to transfer that eventually back to the
9 Foundation.

10 Two weeks prior to closing the transaction,
11 he was served divorce papers, and that eliminated his
12 capability of closing on the property.

13 At that point in time, Mr. Buich and myself
14 were looking at some other properties here in the
15 foothills, and we discussed whether or not he would like
16 to participate with us. I felt that -- that since that
17 was part of my value system, is to get the strip open, we
18 would look at doing what we had to do to get the strip
19 open, and then maximize the assets and liquidate the
20 assets over time.

21 He was in agreement. And we both, at that
22 point in time, put in, I think, 250 or 300,000 cash, and
23 we had a loan with U.S. Bank in place for a million, and
24 we closed on the property. So, we -- we moved from being
25 supporters to owners within a two-week period.

1 Q. Tell me, who is Mr. Buich?

2 A. Dave Buich and his wife moved to Idaho, I
3 believe, in 2000, and moved to the Eagle area. And his
4 business in California had been a couple car dealerships.
5 He was liquidating the car dealerships, moving to Idaho,
6 and participating in investing in real property in Idaho.

7 Q. Okay. Is this LLC the first business venture
8 you've had with Mr. Buich?

9 A. Yes.

10 Q. Okay. So, you -- you acquire this property
11 in 2004 as Lake Cascade Air Park, LLC?

12 A. Correct.

13 Q. What were the plans for the LLC at that
14 point? You mentioned having a friendly buyer that would
15 potentially move this back to the Foundation, was that
16 part of the discussion or were you going forward with
17 development already at that time?

18 A. Yeah. We were going forward with -- the --
19 the -- the name itself indicates the direction. It's
20 Lake Cascade Air Park, LLC. Because of the broad
21 cross-section of pilots that I was acquainted with, and
22 both from 40-some years of flying and being associated
23 with different flight organizations, we had the capacity
24 to pull some very interested people to the property and
25 purchase an interest in some form of air park

1 development.

2 And in addition to that, we would utilize the
3 balance of the property, which at that time the property
4 would be utilized in two ways. It would be, for lack of
5 a better term, the west of the railroad tracks, which
6 I'll point to, and east of the railroad tracks.

7 West of the railroad tracks, the deeded
8 property was 16 acres of deeded, which we would do a
9 limited air park development on, deeded. And to the east
10 of the tracks is 283 acres of deeded property, which at
11 one point in time -- and it's still a viable option --
12 is one of the assets would -- needed to be looked at, at
13 that time, and it's continued to be looked at up until
14 the point where we could not proceed, is either
15 conservation easements, which have value to the
16 ownership, or a Wetlands Bank of some sort.

17 Now, at that point in time, the wetlands
18 banking hadn't come to the forefront. Been involved with
19 wetlands bank in Idaho -- excuse me -- Colorado, in
20 several other projects that were wetlands projects, so I
21 had knowledge of the potential of what the wetlands could
22 be.

23 Q. Tell me what -- what do you mean by the air
24 park development; describe what that term means, and then
25 what -- what the -- the LLC's plans were for that

1 development.

2 A. The air park development would be a limited
3 number of units or ownerships, and the different
4 scenarios that we looked at were anything from 20 up to
5 120 ownerships. The density allowable under MU, which is
6 the zoning of the property, is a unit per two acres. We
7 don't have to have cadastral surveys all over the
8 property for two-acre pieces.

9 In fact, Cynda Erick, who is the planner,
10 went to the property with me. We looked at the different
11 scenarios; they really embraced the idea of having a
12 limited development and the huge amount of open space
13 that would be open in perpetuity.

14 MR. KERL: Your Honor, I wish to object to
15 the testimony. They said -- it wasn't part of the third
16 supplemental disclosure, and the hearsay aspect of the
17 statements from someone not in the courtroom.

18 And I have a -- a bench memo I would like to
19 serve on the Court. This is different than the motion in
20 limine that we raised before. This is to -- the order
21 last week was for the defendants to provide the opinions
22 and the basis and reasons for the opinions of their
23 expert witnesses. And I -- I want to get on the record
24 my objection to the extent Mr. Miller's -- is starting to
25 enumerate or -- reasons to give his opinion of value to

1 the extent they were not disclosed in the third
2 supplemental response.

3 He can testify, but the scope of his
4 testimony must be limited to the basis and reasons
5 actually disclosed. The basis and reasons disclosed are
6 as simple as he is aware of market forces at play in the
7 Valley County area, potential for development, potential
8 for use of the Cascade Airstrip, the proposed development
9 for the property, the wetland mitigation and the need for
10 wetlands mitigation credits in and around Valley County.

11 He can testify to that, but he can't drill
12 down further with statements from third parties or other
13 facts supporting his conclusion.

14 In other words, if he -- he -- he needed to
15 recite those facts in his disclosure, and not just kind
16 of rough over them in the disclosure and now drill down
17 into the details. So, that's the basis for my objection.

18 If the bailiff could hand it -- I've got a
19 brief for the Court.

20
21 (Document provided to the Court.)

22
23 MR. DIXON: May I respond, Your Honor?

24 THE COURT: Yes.

25 MR. DIXON: This witness is the owner of the

1 property. He was disclosed as a fact witness and as an
2 expert witness. He's going to speak in his opinion, as
3 the owner of the property, on potential expert issues
4 regarding the value of the property and the potential
5 value of Wetland Mitigation Banking.

6 What we're talking about right now are the
7 characteristics of the property. He was speaking to
8 zoning issues, which as the owner of the property,
9 clearly he is aware of. This is not an expert --

10 THE COURT: Well, maybe I missed --

11 MR. DIXON: -- issue, it's a factual issue.

12 THE COURT: -- maybe I missed something, but
13 the last thing I heard him talking about was what he
14 planned to do back in 2004, and I'm not really sure
15 whether that's particularly material to the value of the
16 property in 2012. In fact, I think it's pretty far --
17 pretty far afield. And I think maybe I'll let what's
18 been testified to so far stay in, but I think we better
19 get to -- to the real issue of the case, which is what's
20 the property worth today, not what it -- what it might
21 have been worth in 2004, or what it might have been used
22 for in 2004.

23 So, I think I'm -- I wouldn't say I'm losing
24 interest, but I'm not seeing materiality in some of this
25 testimony.

1 And, Mr. Kerl, your -- I will look at your
2 brief when I have a chance.

3 MR. KERL: Thank you, Your Honor.

4 Q. BY MR. DIXON: Mr. Miller, tell me what the
5 current zoning of the property is, as we speak?

6 A. MU, multiple use.

7 Q. Okay. Now, the development that we've been
8 talking about obviously didn't happen; is that correct?

9 A. The platted development is something that we
10 did not do because it changes the tax rate for the
11 property. We had numerous development scenarios, so we
12 looked at all which were actionable, and all which were
13 disclosed to the lender at the time we started.

14 Q. Okay. Let me -- let me ask maybe a little
15 bit better question. What's the current status of the
16 property, what's been done on the property?

17 A. Since we purchased the property in
18 preparation for the -- what we'll call the developable
19 piece, we've expended something in the vicinity 50- to
20 \$100,000 for a survey, for studies, for eagle studies,
21 for wildlife studies, all the different studies that
22 would be required for that development.

23 On the eastern portion of the property, on
24 the Wetlands Mitigation Bank portion, which we were asked
25 to look at from Idaho Department of Transportation in

1 nine -- in 2006 --

2 MR. KERL: Your Honor, I'm going to object to
3 the question being not responsive. I think the question
4 was, what is being done with the property today.

5 MR. DIXON: Your Honor, I believe my witness
6 was answering the question, and I would respectfully
7 request that Counsel allow the witness to answer the
8 question instead of continue interrupting.

9 THE COURT: Well, we just seem to be getting
10 off subject all the time.

11 MR. DIXON: Your Honor, I'm asking him
12 what -- what's going on with the property now, I'm
13 getting into the value.

14 THE COURT: Okay. And so far, I've heard
15 that there have been 50- to a \$100,000 spent for surveys
16 and studies. Maybe you better ask another question.

17 MR. DIXON: Okay.

18 Q. BY MR. DIXON: Is the property currently --
19 and give me -- give me the right -- give me the right
20 word here -- is the property currently approved for
21 Wetland Mitigation Banking?

22 A. No.

23 Q. What needs to happen for that to occur?

24 A. The prospectus, which is a precursor to the
25 banking instrument, has been completed. It has to be

1 updated and re-presented to the stakeholders that make
2 the decision from the Corp of Engineers and the EPA.

3 Q. Why has that not happened?

4 A. When our partner, Mr. Buich and his wife,
5 were no longer financially capable, in May of 2010, to
6 continue, we were not in a position to continue paying
7 money into a property that we had not secured. It was
8 under -- we're in settlement discussions and restructure
9 discussions with Northwest Farm Credit.

10 MR. KERL: Objection, Your Honor, to any
11 testimony regarding settlement discussions or
12 negotiations between Farm Credit and this witness.

13 Move to strike that portion of his answer.

14 MR. DIXON: Your Honor, this isn't a jury
15 trial. The witness is merely testifying as to what's
16 going on with -- with the mitigation banking document and
17 why it hasn't -- why it hasn't happened.

18 THE COURT: Well, I think I heard that the
19 money wasn't there anymore. So, I guess I have the
20 answer.

21 Q. BY MR. DIXON: When was the first time the
22 potential for a wetland mitigation project -- well,
23 when -- when did you first become aware of the potential
24 of a wetland mitigation project on this property?

25 A. 2006.

1 Q. What happened in 2006?

2 A. I was contacted by the consulting company
3 working for Idaho Department of Transportation to look at
4 this property and put it into the mitigation bank at the
5 request of ITD.

6 Q. What -- give me -- give me the specific
7 details on what happened after that contact, what -- what
8 action items have taken place on the property to move it
9 toward a wetland mitigation project?

10 A. After we had that conversation with ITD, I
11 contacted the -- the head of DEQ and requested a meeting
12 from DEQ, who's one of the stakeholders in the process,
13 to assemble or help assemble every participant that would
14 be critical to the approval and development of wet --
15 wetlands bank and have a meeting.

16 Q. You heard Ms. Robbins talk about her
17 evaluation of the highest and best use of the property.
18 And I don't want you to use the -- the term highest and
19 best use, but I want you to tell me what -- what you
20 believe, as the owner of the property, the best
21 utilization of this property is?

22 A. The best utilization of the property is a
23 Wetlands Mitigation Bank for the eastern portion, and a
24 limited air park development in the western portion.

25 Q. Talk to me a little bit about some of the

1 market forces that could impede or permit the development
2 of the property for purposes of the air park piece?

3 A. The air park piece is --

4 MR. KERL: Your Honor, this gets back to my
5 objection. I think all he can testify is what he
6 disclosed. He disclosed that he was aware of market
7 forces at play in the Valley County area, but he did not
8 disclose what those market forces were, and that's -- the
9 question is eliciting that information now, but it wasn't
10 disclosed, and that's the basis for objection.

11 He can say he's aware of the market forces
12 and he has an opinion, but he can't elucidate on what
13 those market forces are because he didn't disclose those,
14 as he was ordered to do so by Judge Neville.

15 THE COURT: I'll hear your response.

16 MR. DIXON: Your Honor, we've been over this
17 same objection numerous times. Judge Neville asked us
18 to provide the opinion, which we did, and provide the
19 qualifications for the opinion, which we did.

20 Mr. Miller is aware of the forces, he should
21 be able to testify to them.

22 MR. KERL: Well, that's a misstatement of
23 the order, Your Honor. The order wasn't for the
24 qualifications, the order was for the opinion and the
25 basis and reasons therefore.

1 THE COURT: Okay. I appreciate what you're
2 saying Mr. Kerl, but I think in the interests of --
3 since -- since, as has been discussed before, this is a
4 court trial, and I think in -- just in the interest of
5 moving forward, I'll let it -- I'll -- I'll let the
6 witness testify and make my own determination later on
7 about what is testimony that appropriately can be
8 considered, and what be -- what would be excluded by
9 reason of Judge Neville's ruling.

10 Why don't I just let you have a continuing
11 objection on that.

12 MR. KERL: That would be fine, Your Honor.

13 THE COURT: Okay.

14 Q. BY MR. DIXON: You can proceed, Mr. Miller,
15 with your answer.

16 A. The air park development is targeted to
17 pilots. Pilots come from all over the United States. It
18 is not a local phenomenon, it is not a local phenomenon
19 to Boise or directed to McCall. So, the purchasers -- or
20 what would be the purchasers in the air park are folks
21 that come from all across the United States, people
22 that -- that I'm associated with and know have capacity
23 to do this, have a desire to do something in Idaho.

24 And that's what we found from a focus group
25 at one of the family fly-ins, which is a big fly-in in

1 McCall. We had questionnaires for folks, and we had
2 brochures that they could look at, as to what the
3 interest would be, so we could get a good idea as to the
4 marketability and the price points of what we would be
5 able to sell something for.

6 Q. What about the -- what about the wetland
7 mitigation piece?

8 A. The Wetlands Mitigation Bank is a bank, like
9 a financial bank, that's salable either in total or in
10 credits. The credits are salable within service areas.
11 The service area for the Wetlands Mitigation Bank that we
12 propose is all of the Payette drainage, not just Long
13 Valley, all of the Boise drainage, and a couple of the
14 other what are called HUCs.

15 So, the market service area, which we
16 concluded by conversations with ITD, plus we hired
17 outside experts to give us feasibility studies to -- to
18 join in with us in this effort, both of those companies,
19 one of which is Critical Habitats, wrote the feasibility
20 study for us to see if what we were thinking was
21 feasible, and doable, and legally allowable.

22 Same with another company, which is the
23 largest banking company in the United States, called EBX.
24 Both of those folks participated with us in preparing
25 what's called a prospectus, which is the first level of

1 approval for the bank.

2 Since we were asked to do the bank by the
3 consulting company that identified our property as the
4 most desirable location to do the wetlands bank, we had
5 little resistance with -- we had little resistance from
6 any agency. All the agencies that we brought together
7 in the meeting all concurred that this is an ideal
8 location for a Wetlands Mitigation Bank due to the
9 proximity to the lake and the drainage. All the water
10 that come off the 13,000 acres above us flows into the
11 lake, Lake Cascade's impacted.

12 We had all the components that are required
13 for a Wetlands Mitigation Bank. We had the hydra soils,
14 we had the plant colonies that were required, we had the
15 water to the root structure that is required. To have a
16 wetlands or a piece of wet land does not qualify an
17 automatic use of that property as a Wetlands Mitigation
18 Bank.

19 The bank -- Wetlands Mitigation Bank, by the
20 current rule making, both by the Corp of Engineers and
21 the EPA --

22 Q. Mr. Miller, let me stop you there, before we
23 get into the use and the -- the technical pieces of that
24 banking.

25 We heard earlier testimony that to get a

1 wetlands mitigation project properly approved on this
2 property, it would take hundreds of hours of work and
3 hundreds of thousands of dollars to be completed.

4 Is that the case, for purposes of this
5 property?

6 MR. KERL: Objection; foundation, Your Honor.
7 I don't think that he has established a foundation to
8 give an opinion on the costs. He may have an opinion of
9 value, but he had -- but he can't give an opinion as to
10 cost. He's never constructed this, he's not the
11 hydrologist or engineer that would plan it. He's simply
12 the owner.

13 THE COURT: I'll -- I'll go ahead and let
14 you -- let you continue.

15 MR. DIXON: I'd be happy to answer -- to ask
16 a little bit better question.

17 Q. BY MR. DIXON: Mr. Miller, would you remind
18 us how much has actually been put into this wetlands
19 mitigation project on this property already?

20 A. In excess of 150,000.

21 Q. Okay. And is that all wasted work?

22 A. No.

23 Q. Would that work have to be redone to get a
24 wetland mitigation project done?

25 A. A small percentage.

1 Q. Okay. And do you know what sort of time
2 period or dollar commitment would be required to have it
3 completed?

4 A. The dollar amount, something in 20,000 to
5 30,000 magnitude, and 6 months to 12 months to complete.

6 Q. Okay.

7 A. May I just -- oh, excuse me.

8 Q. Go ahead.

9 A. May I state one thing about what we received
10 from values in the feasibility report? Critical Habitats
11 did the feasibility report for us, and the -- the value
12 of each credit in that report --

13 MR. KERL: Your Honor, I'm going to object to
14 hearsay.

15 THE COURT: There's -- there's no question
16 be -- I'm going to strike that. Come on, let's -- let's
17 do the question and answer and not train of thought.

18 Q. BY MR. DIXON: Mr. Miller, do you have an
19 opinion as to the value of the credits that would be
20 available on this particular piece of property?

21 A. 90 to --

22 MR. KERL: Your Honor --

23 THE WITNESS: -- 130,000.

24 MR. KERL: -- objection.

25 THE COURT: In other words, the answer is yes

1 or no.

2 THE WITNESS: Yes.

3 MR. KERL: Objection, Your Honor.

4 Idaho law doesn't allow him to give an
5 opinion of the value of something other than the real
6 property that he owns. He's trying to give value on
7 something that doesn't exist, wetland credits. How can
8 he be qualified to give an opinion on something that
9 doesn't exist? He can only give an opinion on his land,
10 what is it's value.

11 THE COURT: I'll hear your response.

12 MR. DIXON: Your Honor, I think that's
13 exactly what he's testifying to, the potential values
14 that are available on his land.

15 THE COURT: And if I understand it, this is
16 all preparatory or -- or all the basis for his ultimate
17 opinion on what the value of the property is; is that
18 correct?

19 MR. DIXON: Part of it, that's correct.

20 THE COURT: What's the other part?

21 MR. DIXON: The other part is his knowledge
22 of the market in the area, which he'll testify to in a
23 moment.

24 THE COURT: I -- I've got to say, I really
25 don't see any foundation that's been laid -- you know,

1 leaving aside all the other objections that Mr. Kerl has,
2 I don't see that there's been any foundation laid for
3 the -- the witness to give an opinion as to the value of
4 wetlands mitigation credit at this point. I think maybe
5 you've -- maybe you've started, but you haven't gotten me
6 to that -- to that point that I'm satisfied that -- that
7 he has opinion that's worthwhile.

8 Q. BY MR. DIXON: Mr. Miller, what's your
9 experience with regard to wetland mitigation credits?

10 A. Wetlands mitigation credits experience is
11 limited to 2006 to current --

12 Q. Is that --

13 A. -- credits.

14 Q. -- is that with regard to this project only
15 or others?

16 A. This project.

17 Q. Okay. And have you had an opportunity to
18 gather any information concerning the value of credits?

19 A. Yes.

20 Q. Where has that information come from?

21 A. It comes from three distinct locations. One
22 is the feasibility report that we requested and paid for
23 in 2010; comes from the information that's available on
24 the websites for Wetlands Mitigation Banks, information
25 open to the public.

1 Q. Was -- was there -- was there a third basis?

2 A. Oh, I'm sorry. There were two inside the --

3 Q. Okay.

4 A. -- yeah. Inside the websites, there are two
5 in particular.

6 Q. Okay.

7 A. Oh, correction. The third is, as of
8 recently, within the last 30 days, ten credits have
9 been sold from a Wetlands Mitigation Bank to the City of
10 Boise for \$4.50 per square foot, which is equivalent to
11 approximately 180,000 per credit.

12 MR. KERL: Your Honor, move to strike the
13 answer as hearsay.

14 THE WITNESS: It's --

15 MR. KERL: He has no personal knowledge of
16 any information.

17 THE COURT: I -- I understand it's hearsay,
18 but it just sounds like it's -- what he's using is a
19 basis for an opinion that he's going to give at some
20 point. I'll let it in for that purpose.

21 MR. DIXON: Okay.

22 Q. BY MR. DIXON: Mr. Miller, do have an opinion
23 as to the value of this property?

24 A. Yes.

25 Q. What is that?

1 A. Minimum 4.5.

2 Q. Tell me -- tell me the basis of that opinion.

3 THE COURT: I'm assume that means

4 4.5 million?

5 MR. DIXON: Yes, Your Honor.

6 THE WITNESS: Correct; minimum.

7 The two components of -- of value that we've
8 talked about here, and two components of value that exist
9 on the property or can exist on the property is the
10 potential for the sale of wetlands credits, either on a
11 wholesale basis or a sale of the bank, once approved, and
12 sale of interests in the air park concept, either as
13 individual sites or as individuals that purchase into the
14 LLC that are --

15 Q. BY MR. DIXON: I'm sorry. I didn't mean to
16 interrupt.

17 A. -- that are aviation oriented.

18 Q. Have you had any offers for purchase of the
19 credits once they're approved, if they're approved?

20 A. We -- we have not had firm offers for the
21 credits.

22 Q. Have you had any -- any interest in
23 purchasing the land for -- for the credits or any -- any
24 interest in the credits themselves?

25 A. Yes. Both the -- EBX, who -- that's the

1 acronym for the Enviromental Bank and Exchange -- would
2 like to purchase the bank on some basis yet to be
3 negotiated, once it's completed. We also have had
4 discussions with Critical Habitats. We have also had
5 discussion with a company called Westervelt, out of
6 Alabama, and their business is conservation property to
7 sell wetlands mitigation banks. We did have an offer
8 from Westervelt, in 2010, for 10 million for the bank.

9 Q. Have you had an opportunity to look at the
10 property appraisal that Ms. Robbins did in May of this
11 year?

12 A. Yes.

13 Q. Were there any specific factual assumptions
14 in her testimony or in her report that you believe are
15 inaccurate with regard to the property?

16 A. Yes.

17 Q. What are those?

18 A. The highest and best use is not agriculture.

19 Q. What is the highest and best use, in your
20 opinion?

21 A. The highest and best use is a Wetlands
22 Mitigation Bank and a limited development for an air park
23 concept.

24 Q. Okay. Any other conclusions or facts that --
25 that you disagreed with?

1 A. The -- there was a statement that she had
2 spoken with me prior to the appraisal, which I did not
3 speak to her in 2010. I spoke to her briefly in 2008.

4 Q. Anything else?

5 A. The -- can I get a copy of that from you?

6 Q. Sure.

7 A. I think I have my copy on the desk over
8 there.

9 MR. DIXON: Here, just give me -- give me
10 that one. That's my copy.

11 MR. KERL: Can you identify the exhibit he's
12 looking at?

13 MR. DIXON: It's Exhibit H.

14
15 (Exhibit H provided to the witness.)

16
17 THE WITNESS: Thank you. Now, could I please
18 get my glasses?

19 MR. DIXON: Sure.

20 THE WITNESS: Thank you.

21 Another mis -- misstatement is the wetland
22 bank was proposed through Idaho Transportation
23 Department. Idaho Transportation Department does not
24 have anything to do with the approval process. The
25 approval process comes from the U.S. Army Corp of

1 Engineers and the EPA, in compliance with the Clean Water
2 Act.

3 Q. Let me -- not -- not to -- not to get you
4 into a different line of questioning yet, but are you
5 aware of any more recent sales, in the adjoining area,
6 that you would consider a comparable that potentially
7 should have been taken into consideration in evaluating
8 this property?

9 A. Well, the area -- this area bordering the air
10 park is different than Valley County. An air park
11 neighborhood is -- across the west, of -- the comparables
12 for air park market transactions would occur across the
13 United States. That information is available online to
14 anybody as to what the access to the market is, what the
15 prices are that's being paid for sites. The same is --
16 holds true for Wetlands Mitigation Banks.

17 The neighborhood for a comparable wetlands
18 mitigation bank is national. It's not --

19 Q. Have there been any sales around the property
20 that we're talking about, like actually in Valley County,
21 around the airstrip?

22 A. No. For a wetlands bank?

23 Q. Any -- any use. Agricultural use --

24 A. Oh, there have been many parcels sold for
25 agricultural use.

1 Q. Mr. Miller, that -- I'm not -- I'm not sure I
2 asked you this question earlier and I intended to, what's
3 the current status of that airstrip?

4 A. The current status is inactive. We own the
5 rights to use it, and both the Idaho Aviation Foundation
6 and the department of -- or Division of Aeronautics and
7 other aviation organizations would like to continue to
8 get that strip in the inventory for the State.

9 Q. Can it be used?

10 A. Oh, physically?

11 Q. Yes.

12 A. Oh, absolutely.

13 Q. Okay. And is it insured?

14 A. Yes. It's insured through the State. The
15 State has a blanket policy for all private strips in the
16 state, to hold harmless and indemnify the owners.

17 The other fact that --

18 THE COURT: No. There's no question before
19 you.

20 MR. DIXON: Yeah. I -- I think --

21 THE WITNESS: Oh, sorry.

22 MR. DIXON: -- I'm done. I don't have any
23 further questions, Your Honor.

24 THE COURT: Thank you.

25 MR. DIXON: Thank you, Mr. Miller.

1 THE COURT: I -- I am guessing your cross is
2 going to take more than ten minutes?

3 MR. KERL: Might not.

4 THE COURT: Might not.

5 MR. KERL: Yeah.

6 THE COURT: Okay. We'll go ahead and start
7 in.

8
9 CROSS-EXAMINATION

10 BY MR. KERL:

11 Q. Hi, Mr. Miller.

12 A. How are you?

13 Q. I'm good. You say you received an offer of
14 \$10 million for just the wetland bank on your property?

15 A. The total.

16 Q. The total property?

17 A. Uh-huh.

18 Q. And you didn't sell?

19 A. Well, at that point in time, there were
20 issues that weren't my issues. In fact, I had agreed to
21 sell the property.

22 Q. But the buyer didn't buy it?

23 A. No. The -- one of the other sellers wouldn't
24 sell.

25 Q. And so, you had an offer, but you had no

1 means of concluding the sale?

2 A. Unless I had concurrence from the partner,
3 I could not conclude that sale.

4 Q. Is that Mr. Buich?

5 A. Correct.

6 Q. Mr. Buich refused to sell the property, even
7 though he's looking at substantial potential for a
8 deficiency judgment? \$10 million would have got you guys
9 out of this deal.

10 MR. DIXON: Objection; asked and answered,
11 Your Honor.

12 THE COURT: Well, I -- I think it sounded
13 more like closing argument.

14 Q. BY MR. KERL: But wouldn't -- wouldn't the
15 price of \$10 million gotten you and Mr. Buich both out of
16 your financial problems associated with this property?

17 A. Very obviously, uh-huh, yes.

18 MR. KERL: That's all I have, Your Honor.

19 THE COURT: Redirect?
20

21 REDIRECT EXAMINATION

22 BY MR. DIXON:

23 Q. Mr. Miller, why don't you tell us about some
24 of the issues that were occurring with Mr. Buich starting
25 in 2010, and describe a little bit more fully the -- the

1 offer for this property and why the -- why the offer was
2 not accepted.

3 A. The offer was early 2010. Mr. Buich had
4 numerous other projects around the Valley and other parts
5 of the state, and his focus was to maximize the value of
6 the property through full development. And this was the
7 early part of 2010 that we received the offer from
8 Westervelt. We -- I was in a different position in life.
9 I'm getting older, my hair is gray, and I want to retire,
10 and he was young and moving forward. So, we had two
11 different opinions as to what we should do.

12 Q. At the time of that offer, was this loan in
13 default?

14 A. No.

15 Q. Had Mr. Buich encountered his financial
16 difficulties?

17 A. No.

18 Q. So, there really weren't any financial
19 difficulties to -- to remedy at that time, were there?

20 A. Correct.

21 MR. DIXON: Thank you. Nothing further.

22 MR. KERL: No recross, Your Honor.

23 THE COURT: Thank you. You may step down.

24 THE WITNESS: Thank you.

25 THE COURT: I think you said you had another

1 couple of witnesses to call?

2 MR. DIXON: Yes, Your Honor. And by -- by
3 pure accident, we have them showing up right after lunch,
4 so.

5 THE COURT: That's fine. So, were you
6 planning on, what, 1:30?

7 MR. DIXON: That's -- that's precisely when
8 we asked them to be here.

9 THE COURT: Okay, good. We'll start in again
10 at 1:30.

11 MR. DIXON: Thank you, Your Honor.

12
13 (Lunch recess taken 11:55 a.m. to 1:30 p.m.)
14

15 THE COURT: Thank you, be seated.
16 You may call your next witness.

17 MR. DIXON: Thank you, Your Honor.
18 Defendant calls Mr. Jim Fronk.
19

20 JAMES G. FRONK,
21 called as a witness, by and on behalf of the defense,
22 having been first duly sworn, was examined as testified
23 as follows:

24 ///

25 ///

DIRECT EXAMINATION

BY MR. DIXON:

Q. Good morning, Mr. Fronk -- or good afternoon, I guess, at this point. Would you please state your full name for the record and spell your last.

A. James Gerard Fronk, spelled F-R-O-N-K.

Q. And what do you do for a living?

A. My living consists of civil design, civil survey, and environmental science. I own an engineering surveyor slash enviromental company in McCall, Idaho.

Q. What's the name of that business?

A. It's called Secesh Engineering.

Q. And what's the address of Secesh?

A. It's 335 Deinhard Lane, McCall, Idaho.

Q. Would you give the Court a sketch of your formal education background?

A. I have a Bachelor of Science in Landscape Architecture from Texas Tech University.

Q. What about your -- give us a sketch of your professional experience?

A. My professional experience has been primarily in civil design, construction management, and environmental science for 25, 30 years.

Q. Do you hold any licensures in that regard?

A. I have a license -- I'm a licensed landscape

1 architect in the state of Idaho, and I'm a Army Corp of
2 Engineer certified wetland delineator.

3 Q. Okay.

4 THE COURT: I'm sorry. Certified what?

5 THE WITNESS: Wetland delineator.

6 THE COURT: Thank you.

7 THE WITNESS: For the Army Corp of Engineers.

8 Q. BY MR. DIXON: For purposes of -- of the
9 wetland delineator, tell me about the -- the education
10 and requirements that go into -- to that designation
11 process.

12 A. There are accredited classes that you take to
13 learn how to delineate waters of the United States. You
14 have the ability to identify soil types, vegetation, and
15 then -- and water issues. So, you have to know if
16 they're hydric soils, or hydra plant material, or
17 inundation water.

18 Q. Provide the Court with some understanding of
19 what kinds of activities, in your professional career,
20 you've done that take that experience into -- into
21 consideration.

22 A. In the past 20 years, I've lived in
23 Valley County, and I've probably delineated, per the
24 Clean Water Act process, probably over 200,000 acres of
25 wetlands in the Valley, and Adams County, and Ada County

1 area. I have probably cons -- I estimate I probably
2 constructed wetlands, to replace -- impact wetlands,
3 probably in the area of 100 acres that have been built
4 and constructed.

5 Q. And, specifically with regard to the types of
6 projects that Secesh Engineering does, can you give the
7 Court a little bit of a basic understanding of what those
8 projects look like?

9 A. The projects that Secesh Engineering has been
10 involved with are primarily the larger projects in the
11 area that I previously described. We've been involved
12 with a 4,000 acre ski resort; multiple, high-end, four
13 sea -- four-season residential areas; golf courses; all
14 of which have land planning issues, and wetland impact
15 issues, water quality issues. Those are pretty
16 sensitive. Water quality's a pretty sensitive issue in
17 Adams and particularly Valley County.

18 Q. Focusing on the area sort of around
19 Lake Cascade, what -- what sorts of activities has --
20 have you or Secesh undertaken in and around the
21 Lake Cascade area?

22 A. Oh, that's -- that question, I mean, there's
23 quite a few projects that are adjacent to Lake Cascade
24 that I've worked on, and -- number one of which is the
25 Tamarack ski area. There were numerous projects that got

1 to the level of entitlement, but never really got built
2 around that area. One's called Bella Reve, one was
3 called Gold Fork Bay Village, the list is pretty
4 extensive.

5 Upstream of the reservoir, you're talking
6 about Jug Mountain Ranch, which is a 1300-acre planning
7 and development; River Ranch, which is adjacent to the
8 Payette River, which runs into the Cascade Reservoir;
9 Whitetail; Spring Mountain; lots of large projects that
10 are in that drainage.

11 Q. What did your company do specifically for
12 Tamarack?

13 A. Specifically for Tamarack, we did civil
14 engineering, surveying, entitlement processes with the
15 various agencies; local, state, federal. I delineated
16 the entire project for waters of the United States, which
17 means wetlands, or streams, or intermittent stream
18 channels. Went through the process, in conjunction with
19 the land planning individuals, to identify areas of
20 impacts to these issues, waters of the United States.

21 We did stream restoration work. We worked
22 with the local land trust to put the meadow area of the
23 Tamarack village into a -- a land trust, to protect
24 the -- the existing wetlands that were not impacted and
25 the streams that we rehab -- rehabilitated, so.

1 Q. We've already talked a lot today, before you
2 got here, about the concept of wetland mitigation
3 credits. Can -- and you describe for the Court what
4 those actually are and what those entail?

5 A. I'll -- I'll try that. Wetland banking is
6 basically an instrument that's created where it is
7 approved, and on -- in -- in our area by a group of
8 agency people, lead by the Army Corp of Engineers, that
9 go through the process to see if it meets the criteria
10 set forth in the Clean Water Act and the 404 section of
11 that.

12 Once that's established and they are
13 accredited wetlands, some kind of format, either
14 acre-for-acre or a ratio there of, 'cause there's
15 different hierarchies of wetlands. There's emergent,
16 shrub-scrub, and -- and furthermore other ones higher
17 than that. There's degrad -- degraded wetlands that you
18 can then up -- uplift to another level, so there's
19 different formulas that you can do.

20 But in -- in a sense, the Clean Water Act
21 says that you have to replace all wetlands or waters of
22 the United States in like, in kind. You have to -- if
23 you're going to impact them here, you have to replace
24 them in some place that's viable, and it's the same kind
25 of type and character of wetlands.

1 So, the bank -- banking instrument allows for
2 you to do that. Where if I had, say, five acres of
3 emergent wetlands that were impacted by a regional
4 project, you could go to this bank that's been
5 accredited, purchase five acres of emergent wetlands from
6 them, and meet that replacement goal, so.

7 Q. Okay. Now, as a -- as an agency or -- or
8 developer, you mentioned a -- you mentioned a term
9 accredited wetland area. As a -- as a developer or an
10 agency, when you destroy a wetland area, can you go and
11 replace that with any wetland area, or does it have to be
12 an accredited wetland area?

13 A. Well, there's a three-part answer to your
14 question. I mean, you have -- if you are impacting
15 wetlands, you can find areas that you can build
16 additional wetlands. You can't use existing wetlands to
17 replace wetlands. You have to replace them with new
18 wetlands that meet the same criteria.

19 So, you could do it on -- somewhere adjacent
20 to the site or close to it, or you have the opportunity
21 to go to a wetland bank and purchase that same type of
22 wetlands from them and meet that criteria.

23 Q. Now, a person with -- with your accreditation
24 and qualifications, what -- what is your role in a -- a
25 wetland mitigation plan?

1 A. In a wetland mitigation plan?

2 Q. Well, in establishing wetlands mitigation
3 credits.

4 A. Well, establishing a wetland bank requires a
5 process that's set forth in the waters -- the State of
6 Idaho uses, and then this region of the Army Corp, uses
7 the criterias -- the criteria is set out in the
8 Clean Water Act, in that section. And you go through
9 that criteria and -- and meet all those objectives.

10 Q. Okay. And -- and what is your role in
11 meeting those objectives?

12 A. Well, my role in this bank was, to start off,
13 researching the area in question to see its viability,
14 if -- if it could meet the wetland bank criteria, do a
15 number of studies to understand the complexities of the
16 site, prepare a prospectus to submit to this agency group
17 for them to review, conduct numerous site visits with the
18 various agency groups to understand the -- the
19 relationship of the ground to the bank.

20 Q. Okay. And let -- let me back up and make
21 sure we're -- we're communicating effectively. When I
22 say the Lake Cascade Air Park, LLC property, is -- is
23 that a property that you're familiar with?

24 A. I am.

25 Q. Okay. And what, specifically, have you done

1 with respect to the Lake Cascade Air Park, LLC?

2 A. As far as studies in preparation for a
3 wetland?

4 Q. Yes.

5 A. A site reconnaissance, a wetland
6 delineation --

7 THE COURT: I am sorry. I -- I missed that.

8 THE WITNESS: A site reconnaissance, actually
9 went on-site and investigated the whole property, con --
10 conducted a wetland delineation per the Army Corp of
11 Engineers guidelines; did soil analysis, basically dug
12 test holes and cal -- categorized the soil layers into
13 what type of soils they were; installed piezometers in
14 order to monitor ground water over a course of two years;
15 identified upland and wetland vegetation on the site.

16 Also took water quality samples for a series
17 of years, to see the quality of surface water entering
18 the site and leaving the site, which would be exiting to
19 Lake Cascade.

20 What else was there? Yeah, I think that's
21 about it.

22 Q. BY MR. DIXON: During what period of time did
23 these tasks take place?

24 A. Oh, I -- I think it took place between middle
25 of 2007 to 2009.

1 Q. Okay. And were you retained by the LLC to --
2 to -- to perform these task or were you working for a
3 governmental agency?

4 A. No, I was retained by...

5 Q. Following the completion of these tasks and
6 these studies, did you come to any conclusions about
7 whether this property would be viable for purposes of a
8 wetland banking project?

9 A. I did.

10 Q. And what were those?

11 A. My conclusion was that it was a prime spot
12 for a wetland bank, as well as the agency people that
13 came out and visited with me.

14 Q. Why did you make those conclusions?

15 A. Its location within a large drainage, its
16 proximity to the lake, the fact that the ground water in
17 the area is prevalent for the -- the period of time that
18 requires to meet the hydrology section of -- of -- of
19 wetlands, meaning the roots are saturated for a period of
20 time so that it could be self-sustaining, wouldn't
21 require additional water to it, it could just do it by
22 itself.

23 Although there's -- the -- the -- the
24 location of this drainage is in an area that's very
25 large, and -- and if you looked at it before the land use

1 had changed, you had a finger of two or three different
2 prehistoric drainages that all ran right to the middle of
3 this project. And that's why the -- when the -- the
4 agency came out and reviewed it on several occasions,
5 they all could see that that was a benefit, so.

6 Q. What's -- what's the status of this property,
7 with respect to a -- a banking project, as we sit here
8 today?

9 A. The status is that it's on hold, that it's
10 progressed far enough along that we're at -- we were at a
11 point where we were answering comments, with the
12 expectation of -- of actually having a bank to begin --
13 start -- starting construction and beginning the period
14 of time where you do grow in and -- so, there's a certain
15 amount credits that could be released as you hit certain
16 objectives.

17 Q. What -- what needs to happen for the project
18 to be completed?

19 A. We -- we need to re-introduce the project
20 back to the agency people. And I -- I would say go back
21 kind of where we left off.

22 Q. So, can the -- the data that you utilized --
23 the data that you developed and utilized to come to the
24 opinions you just advised the Court of, are those things
25 that can still be utilized to -- to -- to proceed

1 forward?

2 A. Yes, all of them.

3 Q. You wouldn't have to start over, in other
4 words?

5 A. No.

6 Q. This property, is -- is it just one of many
7 properties up there that -- that have these
8 qualifications or these qualities, or -- or is it in any
9 way unique for -- for this utilization?

10 A. I would say it's unique in its location
11 within the drainage.

12 Q. Why is that?

13 A. It's proximity to the lake, the large area
14 that it -- drainage area that it intercepts before it
15 enters the lake, the large amount of hydrology that moves
16 through this, which would -- makes a bank very
17 successful.

18 Q. Do you have a perspective on what sort of
19 investment it would take to complete the project for
20 banking purposes?

21 A. I never really thought about that. I'm
22 not -- could you say that again? I don't understand the
23 question.

24 Q. Sure. Do you -- do you have a -- do you have
25 an idea on the -- the amount of money, the investment

1 that would -- that would be required to -- to sort of
2 complete this, to take the information that you already
3 developed and then get it through to a -- to a banking
4 document?

5 A. You know, I -- I'm just doing an educated
6 guess, but I'd probably say 50 --

7 MR. KERL: Objection, Your Honor. If -- if
8 it's an educated guess, I don't think it's a guess is
9 what we want. I don't think there's sufficient foundation
10 for him to give an opinion.

11 MR. DIXON: Your Honor, he's an expert, he's
12 guessing.

13 THE COURT: Well, do you have an opinion --

14 THE WITNESS: My opinion --

15 THE COURT: -- that's more than just a guess?

16 THE WITNESS: -- my opinion is it's probably
17 50- to \$75,000.

18 THE COURT: Okay.

19 Q. BY MR. DIXON: Do you have an opinion as to
20 how long completion of the project might take?

21 A. My opinion is approximately a year.

22 Q. Do you have any experience with, or have you
23 done any investigation into the value of mitigation bank
24 credits?

25 A. I have.

1 Q. What is that?

2 MR. KERL: Objection, Your Honor. He is not
3 qualified to give an opinion on value, he's not an
4 appraiser. There's no foundation that's been
5 established, yet, in his testimony to provide the ability
6 for him to render an opinion on this matter.

7 And I also believe it exceeds the disclosure
8 that was given on Friday. The disclosure says nothing
9 about a dollar amount; it simply says that he has an
10 opinion on value. If that's all he's going to say, then
11 fine, he can keep his opinion to himself.

12 But the --

13 THE COURT: Well, it does say that Mr. Fronk
14 will further testify as to potential value of wetland
15 credits.

16 MR. KERL: Then he can say that there is a
17 potential value, but he can't put a dollar amount on it
18 because he didn't disclose a dollar amount. That's his
19 opinion.

20 THE COURT: Any response?

21 MR. DIXON: Yes, Your Honor.

22 I'm not asking him to value the credits on
23 this particular property. I just asked him if he's done
24 any investigation into the value of credits. And that's
25 what his -- that's what his answer, his opinion is going

1 to be. He's going to testify --

2 THE COURT: Just to the range of what --

3 MR. DIXON: -- that there's value and there's
4 range. And he, I believe, will also tell the Court that
5 this is an emergent industry in the state --

6 THE COURT: There's --

7 MR. DIXON: -- and it's very difficult to
8 value.

9 THE COURT: -- so, there's Fiats and there's
10 Lamborghinis?

11 MR. DIXON: Yes.

12 THE COURT: Yeah. Well, go ahead.

13 MR. KERL: Other spec -- it would be
14 speculation, then, Your Honor, would be another
15 objection.

16 THE COURT: Probably. I'll -- I'll -- go
17 ahead.

18 Q. BY MR. DIXON: Mr. Fronk, I'll -- I'll
19 rephrase the question. Have you done any investigation
20 into the value of wetland mitigation credits?

21 A. Yes.

22 Q. And have you done any investigation into the
23 value of wetland credits in the state of Idaho?

24 A. Yes.

25 Q. What information have you developed?

1 A. The information I've developed is, I know
2 that recently the Department of Transportation of Idaho
3 purchased approximately three or four acres of emergent
4 wetlands from a bank, and it was -- they paid
5 approximately 25,000 per tenth of acre.

6 Q. Help me out with the sale of these credits in
7 the state of Idaho. Is this a -- is this a common thing,
8 is it an uncommon thing, where are we at in the -- in the
9 process for this -- this type of situation?

10 A. It's fairly new. When we first started this
11 project, there was one bank in northern Idaho. Currently
12 there's, I think, four in the state of Idaho, I believe.
13 So, it's fairly new for our state.

14 MR. DIXON: I have no further questions,
15 Your Honor.

16 THE COURT: Thank you.

17 Cross-examine?

18
19 CROSS-EXAMINATION

20 BY MR. KERL:

21 Q. Good afternoon, Mr. Fronk. My name's
22 Ron Kerl.

23 You're not a certified appraiser; correct?

24 A. No.

25 Q. And you've not taken any class work in trying

1 to determine the value of real property or its
2 components?

3 A. No.

4 Q. If you wanted to take this Lake Cascade
5 property and have a certified wetland bank approved, you
6 would have to update your study, wouldn't you; I mean,
7 you took water samples, you took plant samples, you took
8 a lot of data in 2005 through 2007 that you would have to
9 confirm conditions hadn't changed; correct?

10 A. Very minimal, based on --

11 Q. But you would have to do that, you would have
12 to make sure --

13 A. I don't think I'd have to do very much, if
14 at -- if at all.

15 Q. You wouldn't have to -- you wouldn't have to
16 confirm that nothing has changed?

17 A. Other than look out there, I don't think
18 anything has changed.

19 Q. You wouldn't have to do any water tests?

20 A. I don't think so.

21 Q. Okay. You still would have to develop a site
22 plan; correct?

23 A. I would have to develop a site plan.

24 Q. No site plan has been developed to date?

25 A. There is a site plan that's been developed to

1 date.

2 Q. But you would have to develop a new site
3 plan?

4 A. I would just revise the site plan.

5 Q. Okay. And you would have to obtain
6 governmental approval?

7 A. That's correct.

8 Q. And then, you would have to construct the
9 lands according to the approved plan?

10 A. Correct.

11 Q. That means there would have to be changes in
12 the hydrology and the topography of the land?

13 A. Yes, there would be.

14 Q. And once you manip -- and then there would be
15 a cost of manipulating that land; correct?

16 A. Yes.

17 Q. And manipulating the hydrology; yes?

18 A. Not necessarily, no.

19 Q. Well, there might be, if you're going to be
20 putting peep -- or machinery on the property, you're
21 going to have to incur costs for that, are you not?

22 A. There will be some construction costs.

23 Q. And then, you have to get the plan completed
24 and approved as built; correct?

25 A. Correct.

1 Q. Okay. And then, you have to have a market
2 for the credits before you can realize value on return;
3 correct?

4 A. Yes.

5 Q. And that market doesn't exist at the present
6 time; correct?

7 A. It appears that it does. Recent -- the
8 recent --

9 Q. In Valley County?

10 A. This bank is positioned to not -- to do
11 within the Payette River drainage, the Weiser drainage,
12 and the Boise River drainage.

13 Q. Have credits been bought or sold in the
14 Payette River drainage?

15 A. Not in the Valley County drainage, but
16 elsewhere, yes.

17 MR. KERL: Okay. That's all I have.

18 THE COURT: Any additional questions?

19 MR. DIXON: No redirect, Your Honor.

20 THE COURT: Thank you. You may step down.

21 You may call your next witness.

22 MR. DIXON: The defendant calls

23 Mr. Steve West.

24 ///

25 ///

1 STEVEN E. WEST,
2 called as a witness, by and on behalf of the defense,
3 having been first duly sworn, was examined and testified
4 as follows:

6 DIRECT EXAMINATION

7 BY MR. DIXON:

8 Q. Good afternoon, Mr. West. Would you please
9 state your full name for the record, and spell your last.

10 A. Steven Edward West, W-E-S-T.

11 Q. And, Mr. West, what do you do for a living?

12 A. I am president and principle of an
13 engineering firm -- government relations, civil and
14 environmental engineering firm called Centra Consulting,
15 Incorporated.

16 Q. What's the address for Centra?

17 A. Centra's main office -- or Centra's office is
18 located at 413 West Idaho, Suite 302, Boise, 83702.

19 Q. What does -- give me -- give me an
20 understanding of -- of Centra's role in -- let's focus on
21 wetland mitigation projects.

22 A. We have not been directly involved in wetland
23 mitigation projects, other than evaluation of projects
24 for Army 404 permits associated with wetlands. We have
25 been involved in wetland evaluation for pipeline projects

1 or construction projects to determine whether or not
2 wetlands were going to be impacted or waters of the U.S.
3 were going to be impacted, and then devise strategies to
4 deal with those issues.

5 Q. And is that also your specific role with
6 wetland projects?

7 A. My role has been more administrative or as --
8 as president, market development, working with clients,
9 contractual management, some on-site work, but I have not
10 been directly involved in the wetlands mitigation side of
11 things.

12 Q. Give the Court a sketch of your educational
13 background, formal education.

14 A. I have a Bachelor of Science and a Master's
15 in Health Sciences, emphasis in enviromental health, from
16 Boise State University.

17 Q. Okay. And any professional designations?

18 A. No.

19 Q. Give the Court a little bit of an
20 understanding of your professional background.

21 A. Sure. Early on in life, a -- a number of
22 years working in Alaska in the oil fields, and then
23 worked with the State of Idaho. From roughly 1990 to
24 2003, I was the bureau chief of the Bureau of
25 Enviromental Health and Safety for the Idaho Division of

1 Health.

2 I spent roughly five years as the regional
3 administrator for southwest Idaho for the Idaho
4 Department of Environmental Quality.

5 And in that capacity, was involved in a -- a
6 number of water quality, air quality, line responsibility
7 for management of water quality engineering, air quality
8 remediation, waste clean up, hazardous waste issues, and
9 also had a role of -- a leadership role in policy
10 development for the area dealing with such things as
11 pollution training, wetlands issue, the -- the total
12 maximum daily load, TMDL, effort that the State was
13 undertaking, as required by the Clean Water Act,
14 interacting with a number of both federal, state, and
15 local agencies, EPA, Army Corp of Engineers, BLM, U.S.
16 Forest Service, Tribal Nations, Counties, State agencies,
17 et cetera.

18 Q. Okay. Do you know what I'm referring to if I
19 say the Lake Cascade Air Park property?

20 A. I do.

21 Q. Have you ever been to that property?

22 A. I have.

23 Q. What is your involvement, then, with the
24 Lake Cascade property?

25 A. I was asked to -- to participate in a review

1 of its potential for a wetlands bank. And in,
2 essentially, having no small amount of familiarity with
3 Valley County on environmental issues as to -- and
4 particularly water quality issues associated with
5 Lake Cascade -- to consider the viability of that as a
6 wetlands bank, based on my review of the prospectus that
7 had been prepared, but also to just put eyes on the
8 ground, and -- and -- and see where that -- see what
9 it -- not only the viability, but how it measured up to
10 other types of scenarios as -- as its viability as a
11 wetlands bank.

12 Q. And did you make any conclusions concerning
13 the viability of this property for a wetland bank?

14 A. I did.

15 MR. KERL: Objection; foundation.

16 THE COURT: The -- the answer is he reached
17 some conclusions; is that right?

18 MR. DIXON: I believe that's what he was
19 saying.

20 THE COURT: Basically. What's -- what's the
21 next question then?

22 MR. DIXON: The next question would be, what
23 conclusions were those?

24 THE COURT: Yeah.

25 MR. KERL: Objection; foundation, Your Honor.

1 THE COURT: In -- in what -- what area do you
2 feel foundation is lacking?

3 MR. KERL: Well, I think he said that he's
4 never been directly involved in wet -- wetland mitigation
5 planning. That was his testimony on direct.

6 THE COURT: I -- I heard that, too.

7 I'll hear your response.

8 Q. BY MR. DIXON: Let me ask you some more --
9 some more background questions.

10 What elements of the property were you asked
11 to look at when -- when you were asked to -- to consider
12 the Lake Cascade Air Park property?

13 A. Several areas. I was asked to look at the
14 flow of water, the -- the topography, its location, its
15 ability to control access. You know, in the -- in -- in
16 policy developmental at the Department of Enviromental
17 Quality and in dealing with wetlands issues, as a
18 function of our engineering practice, we've had to
19 consider these types of questions with projects that
20 we've been involved with, whether it be pipelines, mining
21 projects, residential development, things of that nature.

22 And so, I would say that the conclusions that
23 I drew were based on a dis -- a -- the -- the description
24 contained in the prospectus, wanted to make sure that
25 that measured up to what I saw on my site visit, and drew

1 my conclusions based on walking the property, as both on
2 the ground, as well as some overviews, and view of maps,
3 and personal knowledge of water quality issues associated
4 with Lake Cascade.

5 Q. So, in your analysis of the property, what
6 specific conclusions did you make?

7 MR. KERL: Again, Your Honor, I -- I object
8 on the basis of foundation. He talked about what we did,
9 not what I did. I want to know what on the ground
10 experience he has. We do know, and have his testimony,
11 that he's never been directly involved in mitigation bank
12 planning. That's the only firm testimony from this
13 witness as to his knowledge. And so -- so, I object on
14 foundation.

15 THE COURT: Was that an editorial we or that
16 really a we?

17 THE WITNESS: I -- if I understand --

18 THE COURT: When -- when you said we, did you
19 mean you and other people or did you mean you, yourself,
20 and you were just referring to yourself as we?

21 THE WITNESS: Well, I -- I guess both. I was
22 there with a team of people --

23 THE COURT: Okay.

24 THE WITNESS: -- on-site, and we were
25 obviously drawing our own conclusions, based on what we

1 had seen, and examining the property for its potential
2 based on the tremendous amount of work that had been done
3 in develop -- developing to -- developing it to a point
4 that a reasonable conclusion could be drawn.

5 MR. DIXON: And, Your Honor, I'm asking him
6 what conclusions he made. I'm not even asking him to
7 connect up to a wetlands project right now.

8 THE COURT: Okay. And there -- and there is
9 this flow access to the property?

10 MR. DIXON: Correct.

11 THE COURT: Go ahead. I'll let him answer.

12 Q. BY MR. DIXON: Did you make conclusions based
13 on those elements regarding the property?

14 A. I did.

15 Q. What were those conclusions?

16 A. My conclusion was that that particular
17 property is almost singularly unique in its ability to
18 provide a wetlands banking solution for properties or
19 projects needing a wetlands bank service or scenario.

20 MR. KERL: Your Honor --

21 THE COURT: Yeah. This was just what --
22 what --

23 Q. BY MR. DIXON: I want you to focus --

24 MR. KERL: I'll move to strike the answer,
25 Your Honor.

1 THE COURT: I'll strike the answer. Just --

2 Q. BY MR. DIXON: Let's -- let's focus on the --
3 the elements that you identified that you evaluated.

4 A. The topography was such that it provided a
5 slope with moving a tremendous amount of water towards
6 the lake. That would be ideal, in terms of facilitating
7 wetlands maintenance, wetlands development. The
8 proximity or the -- the shallow ground water, the
9 seasonal ground water influx that would allow for
10 sustainment of wetland vegetation, made it -- make that
11 particular property very attractive.

12 The ability to control access to the property
13 and the types of activities that could go on on that
14 property, or would be under control of the owner or
15 wetlands bank, also make that a very desirable
16 characteristic.

17 The close potential of open space to the
18 property maintain its appeal, as well. And the ability
19 to draw upon numerous hydrologic units, or -- or HUCs, or
20 watersheds, to be able to offset wetland problems at that
21 location, again make it very appealing as a wetlands
22 bank.

23 MR. KERL: And, Your Honor, I move to strike
24 the answer as being --

25 THE COURT: Yeah. And I --

1 MR. KERL: -- nonresponsive.

2 THE COURT: -- I know -- I know you
3 desperately want to give that opinion, but I'm not
4 letting it in. I'm going to strike it.

5 Q. BY MR. DIXON: In your experience, as doing
6 wetlands delineation, have you had any experience
7 actually developing wetland area?

8 A. While at the Department of Enviromental
9 Quality, my staff, under my direction, were involved in
10 the wetland development, as part of a TNDL mitigation
11 project in Ada County.

12 Q. And in dealing with those kinds of mitigation
13 projects, what elements are you looking at to develop
14 mitigation properties?

15 A. The ability to sustain a wetland; to grow,
16 maintain, manage the vegetation within the wetland. It's
17 are you able to connect the dots; in other words, by
18 managing a wetland, will you have the desired impact on
19 the water body that you're trying to improve, or can you
20 connect the dots between where the -- where the offset is
21 going to be necessary.

22 But I think I would also defer to your
23 previous witness to go into more detail on the relevance
24 or -- or the answers to those questions specifically.

25 Q. Sure. Tell us what -- let me ask you this

1 way, are you familiar with the elements that go into a
2 wetlands mitigation project?

3 A. I have read the Act and the requirements
4 that go into wetlands. I mean, there are a series of
5 12 basic parts of a plan. There is a fair -- there is
6 an extensive amount of enviromental monitoring and
7 information that needs to be gathered to make the case.
8 There are some engineering aspects. A lot of it's tied
9 to issues that are there.

10 But -- but again, I would defer specifics on
11 those types of questions to Mr. Fronk.

12 MR. DIXON: All right. That's all I have,
13 Your Honor.

14 THE COURT: Thank you.

15 Cross-examine?

16 You're not done --

17 MR. KERL: No questions.

18 THE COURT: -- yet.

19 THE WITNESS: Oh, sorry.

20 MR. KERL: No questions, Your Honor.

21 THE COURT: All right, I -- I guess you are
22 through.

23 THE WITNESS: Thank you, Your Honor.

24 THE COURT: Thank you.

25 Call your next witness.

1 MR. DIXON: Defense rests, Your Honor.

2 THE COURT: Rebuttal?

3 MR. KERL: One moment, Your Honor.

4 THE COURT: Sure.

5
6 (Counsel confers with Ms. Robbins.)

7
8 MR. KERL: We have no rebuttal, Your Honor.

9 THE COURT: Okay. Thank you.

10 Both sides have rested. I'll hear your
11 arguments.

12 MR. KERL: Thank you, Your Honor.

13 Through the efforts of Counsel, we were able
14 to get you down to one issue to resolve. A previously
15 scheduled four-day trial has been broken down into the
16 large part of one day. And so, the -- the one issue you
17 have to decide is the reasonable value of this property
18 up by Donnelly, near Lake Cascade.

19 The issue for you to determine is the fair --
20 or the reasonable value of the property, and the
21 Supreme Court has said the fair market value is the
22 equivalent of reasonable value under the statute.

23 And how do we get to that? Well, we -- the
24 Court has heard plenty of evidence today, and -- and --
25 but I think if the Court listens to the details of the

1 evidence that was offered by Susan Robbins, the -- the --
2 the testimony was from someone with considerable
3 appraisal experience in this area of Idaho; certified
4 both as a general appraiser and as an accredited rural
5 appraiser, with extensive experience appraising real
6 property, agricultural property, and property for
7 development in this area of the state.

8 And she testified that the property is worth
9 1.335 million -- 1,335,000, or roughly 4,000 an acre.
10 And in her report she did cite to the weak market area in
11 the Valley County area. And I think what's important for
12 the Court to note with that is the fact that she says the
13 development market is not in the marketplace there.

14 The defense have spent a lot of time trying
15 to establish a potential value for this property in the
16 development of wetland credits that are not yet existing,
17 but yet have to be developed, and approved, and then sold
18 in a market that exists. And to believe that there's a
19 market for wetlands, for the property, within the next
20 12 to 24 months, the period of time that Susan Robbins
21 gave as the time for marketing this property to obtain a
22 4,000 acre price, is insufficient for that to have any
23 influence.

24 It would be mere speculation for the Court to
25 attribute value to the real property based upon wetland

1 credits that have yet to be developed, have yet to be
2 de -- marketed, have yet to be sold, or even have yet to
3 be found to have a marketplace because there's no
4 developers, that are consuming wetlands, that need to buy
5 wetland credits.

6 Mrs. Rob -- Mrs. Robinson [verbatim]
7 compared her 2008 appraisal to her 2012 appraisal, and
8 the testimony was clear that that was then and this is
9 now. The Court can nearly take judicial notice of the
10 fact that real estate values throughout the country
11 became awfully, awfully high in the mid to late 2000s,
12 and in 2008 the bubble burst, and people are upside down
13 all over the place on their real estate investments.

14 And Valley County is no different. And those
15 areas don't bounce back right away. And to anticipate
16 that there's value in this property based upon some
17 development in Valley County that would have a
18 marketplace for wetland credits is really a stretch.
19 It's really -- the Court, I think, would have to
20 speculate that there's going to be a market.

21 What the -- what the Court really is looking
22 at is a piece of bare ground that could be developed
23 perhaps into a subdivision, perhaps into an air park.
24 But those prices paid today are not based on developed
25 properties, they're based on property and its value

1 today. If someone is going to develop an air park,
2 they're not going to buy it at an air park price.
3 They're going to buy it at its ag price, spend money and
4 time developing it, and hopefully have a project at the
5 end that has more value at the end than what they paid
6 for it.

7 There is -- was no evidence here today,
8 credible evidence, that establishes that there is a
9 reasonable mathematical factor that could be applied to
10 the current market value of this property because it's
11 a -- it's near an air park, or it could be developed into
12 limited housing, or it could be developed into wetland
13 credits with an un -- unknowable market.

14 So, what we have is, I think, the testimony
15 of a professional, that was detailed and thorough. We
16 have the testimony of Mr. Miller, who I believe honestly
17 thinks the property is worth more than we do because he's
18 got a lot of money tied up into this and he really wants
19 it to be worth more. And he also does not want to become
20 personally liable for any deficiency.

21 Mr. Miller is not an appraiser. And the
22 Court -- the weight to be given to his opinion, as --
23 should be based upon the same kinds of processes that
24 appraisers, qualified as experts, use in your court. He
25 did not provide us with the details of comparable sales

1 to try to establish that there are other comparable sales
2 in the marketplace today that should alter your opinion.
3 He did not provide the kinds of details that show the
4 process by which he took objective evidence, and applied
5 reason, to a justifiable conclusion.

6 That is what Ms. Robbins did. And she was
7 quite honest, I think, in her assessment of the facts.
8 And I think her opinion is something the Court can rely
9 on.

10 The testimony from Mr. Fronk and Mr. West
11 today really did not bear on value. It bear -- it bore
12 on attributes to this property, but it didn't equate to
13 value because they aren't qualified to establish how
14 these attributes improve the value. And again, we come
15 back to the essential question before this Court, what is
16 the land worth today? Not tomorrow, not six months from
17 now, not two years from now, what's the land worth today?

18 And I think that the preponderance of the
19 evidence supports the position taken by Northwest Farm
20 Credit, \$1,335,000.

21 Thank you, Your Honor.

22 THE COURT: Thank you.

23 MR. DIXON: Mr. Kerl said something that we
24 absolutely agree with --

25 THE COURT: Oh, my god.

1 MR. DIXON: -- that was then and this is now.
2 And in 2008, they did an appraisal to support the
3 underwriting of a loan. And they used an analysis that
4 was based on comparables, that was based on the potential
5 for the development of that property. But in 2012, they
6 did an analysis that was based on foreclosure, and
7 liquidating this property, and putting themselves in the
8 best possible position to obtain a deficiency judgment
9 and re-obtain this asset.

10 And there's something from that 2008
11 appraisal that I think is very telling. On page seven,
12 Ms. Robbins says, there will be a landing -- the
13 conceptual master plan on this property is for an
14 equestrian park with trails on open space, and large
15 building sites consisting of 36 sites altogether on the
16 103 acres. There will be a landing strip on the
17 property, with some homes having the option to have an
18 air barn for their planes.

19 The County, State, and Bureau of Reclamation,
20 who owns the 100 and foot -- 100-foot easement of the
21 lake, and regulates the lake, are in approval of this
22 future development.

23 The owner stated that this development will
24 not happen until the market turns around. This
25 development is considered in this report, but the subject

1 is considered as is in this evaluation.

2 So, to sit here and say that well, yeah, that
3 was when there was a great market, when we came to this
4 \$5.4 million conclusion. But now we're in a bad market,
5 so I want to use completely different comparables, I want
6 to ignore many, many of the attributes of this property,
7 and find that it's only one -- worth 1.3 by saying that
8 was then and this is now doesn't add up.

9 And the plaintiff has the obligation to
10 establish market value of this property to the Court.
11 And the report that Ms. Robbins did doesn't do it.
12 Poor -- her evaluation, by her own admission, contains
13 very poor market information. She used comparable --
14 quote, unquote, comparable sales from 2009, three from
15 2004, two from 2005, one from 2012, one from 2010, and
16 one from 2011 in her 2012 report.

17 In her 2008 report, she used a -- she used
18 comparables from '06, three -- three from '06, one from
19 '07, two from -- three from '05, and one from '03, but
20 she came to completely different evaluations. The Court
21 can put those two reports side by side. They're in the
22 exact same format, have a lot of the same information,
23 it's just a lot of the important stuff's taken out in the
24 second appraisal.

25 She cited to the weak market in 2008, as

1 well. She mentioned the fact, in the 2008 report, that
2 Tamarack had already declared bankruptcy. She mentioned
3 that there appeared to be a downturn in the market. She
4 mentioned the fact that much of the properties were going
5 toward either no development, bank foreclosure,
6 reestablishment of form -- former use, but we want to
7 justify this new opinion using those same potential
8 factors.

9 She made a lot of assumptions about the
10 property that frankly aren't true. There wasn't any
11 discussion with the owner about the attributes of the
12 property. There were wild assumptions about the
13 potential for a mitigation banking process. Sure,
14 Your Honor, it's -- it's a year out. There's no doubt
15 about that. We heard -- we heard the experts say that.
16 But that doesn't mean you get to just ignore it.

17 She didn't ignore the potential for
18 development in the 2008 report, when they were
19 underwriting the loan, but she wants to ignore the
20 potential for development now and the potential for the
21 mitigation process.

22 She mentioned some unknown conversation
23 with some person at P and Z to completely discount the
24 potential for development, and took absolutely no
25 consideration of an airstrip sitting just adjacent to

1 this property, which is a huge aspect of access. And you
2 heard Mr. Miller talk about how important that is to the
3 aviation community. This is not a piece of property
4 sitting out in the middle of nowhere in Valley County.
5 It's sitting practically on an airstrip.

6 The fact is that the bank has presented a
7 report from an appraiser that it, itself, employs, with a
8 self-serving determination of a very low value to support
9 a deficiency action. It is very simple to look back at
10 the comparables that were utilized in the 2008 report for
11 the Court to simply say, I don't understand what's going
12 on here. Maybe it's not 4.5 million, maybe it's not 5.4,
13 but why were comparables comparable in 2008, but
14 completely different in 2012?

15 They have the obligation to provide evidence
16 of the value of this property, and they haven't done it.
17 All we have from the appraiser is clearly conflicting
18 testimony, through her two reports, about the potential
19 values of this property, in juxtaposition of the refusal
20 or failure, whichever it is, to look at a number of
21 important aspects to this property.

22 Now, mister -- Mr. Kerl sort of poo-pooed
23 the -- the notion of these other two experts that --
24 that -- that were kind enough to come down and testify
25 for us today. But what those experts told the Court was

1 that this property is unique. It has attributes that
2 make it different from other pieces of property for
3 purposes of wetland banking; Mr. Fronk said that
4 specifically. That needs to at least be taken into
5 consideration. The appraiser didn't do so.

6 And with that, Your Honor, we think it is
7 quite clear that Ms. Robbins' opinion simply misses the
8 mark in a number of ways. And we would encourage the
9 Court to enter findings of fact consistent with the owner
10 of the property, that says let's take these is -- these
11 issues into consideration.

12 Now, no, Mr. Miller is not a licensed
13 appraiser, and we didn't offer him as such. But what
14 he is, is somebody that has 30 years of experience
15 developing property in this state. He's been involved
16 with this particular piece of property since 1992, I
17 believe was his testimony. He knows about the aviation
18 community, he knows about the potential with this
19 property, he knows about the mitigation banking
20 potential, and he provided the Court with an estimate.

21 I think the Court can also conclude that
22 plaintiff just simply hasn't met their burden. But it's
23 certainly not \$1.3 million, I think that's clear.

24 Thank you, Your Honor.

25 THE COURT: Thank you.

1 Mr. Kerl, you have the last word.

2 MR. KERL: I think Ms. Robbins said it, she
3 doesn't change the facts, she just looks at them. And in
4 2008, developers were in the marketplace. They were
5 spending thousands of dollars for the land, and that was
6 the market data she had at that time. And that has
7 changed. There's no developers in the marketplace now.
8 That's the critical fact.

9 Property values aren't static, and neither
10 can opinions of value be static because markets change.
11 And here, the market changed from a bullish, aggressive
12 market. In early 2008, who knew where it was going to go
13 or how far it was going to go down. The prices hadn't
14 yet reflected the downturn that was anticipated, but we
15 got the full breadth of the downturn in 2008, 2009, '10,
16 '11, and '12.

17 And Ms. Robbins, her opinion is based upon
18 principals of a -- of a -- of appraisal, training, and
19 experience. And it should be given some credible --
20 credibility because of that. 1.335 million is the only
21 credible evidence the Court received today, and that
22 should be the judgment of the Court.

23 Thank you.

24 THE COURT: Thank you.

25 I will take this matter under advisement.

1 Look, I've got to tell you, attorneys make me
2 nervous, especially when one or both of them are the --
3 for the first time in court in front of me, and one of
4 them, while I may have -- I did meet him once 20 years
5 ago, but not since then, and when I get nervous, and --
6 and add to that that I came into court in a black dress,
7 that, you know, when I get nervous, I -- I say smart
8 alecky, off the wall, comments.

9 I don't want you to think that I am not
10 treating this serious enough. I'm going to consider this
11 case very seriously, and get an opinion out just as
12 quickly as possible. Thank you.

13 MR. DIXON: Thank you, Your Honor.

14 THE COURT: Oh, one thing. I just want to
15 make sure I'm clear on the exhibits. All of the
16 plaintiff's -- all the plaintiff's exhibits were
17 admitted, and then --

18 MR. DIXON: Only 2.

19 THE COURT: -- and defendant's Exhibit 2?

20 MR. DIXON: Yes, sir.

21 THE COURT: Okay, great.

22 CLERK OF THE COURT: And do you want me to
23 use those as the originals, the ones that the Judge has?

24 MR. KERL: We're fine with treating those as
25 the originals of the Plaintiff's exhibits.

1 THE COURT: Okay, fine. Thank you.

2
3 (The proceedings concluded at 2:25 p.m.)
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REPORTER'S CERTIFICATE

I, Susan M. Wolf, Registered Professional Reporter and Certified Shorthand Reporter in and for the State of Idaho, do hereby certify:

That the foregoing proceedings were taken down by me in machine shorthand at the time and place therein named, and thereafter the same was reduced to typewriting under my direct supervision; and

That the foregoing transcript contains a full, true, and verbatim record of the said proceedings.

WITNESS my hand this 1st day of November, 2012.

CSR No. 728

EXHIBIT C

APPRAISAL COVER MEMORANDUM

TO: Rod Endow, Manager Credit
541-Agribusiness 1-ID

FROM: Susan Robbins, ARA *SR*
Senior Appraiser - Nampa

DATE: 5/30/12

Subject Property Identity: Lake Cascade Airpark, LLC
County: Valley

Total Deeded Acres: 333.63 Acres
Appraised Value: \$1,335,000
Effective Date: 5/29/12
Appraiser Code: 123sr

Reliability of Market Information: Good___ Fair___ PoorXX

Appraisal considerations on the above referenced property (the accompanying report contains 37 pages including the addenda):

- **Access** - Legal and physical access is on this property per the title company. Access to this property is on Old State Highway and Kantola Road (Downey Lane).
 - **Improvements** - There is no new construction required or in process at the time of the inspection (effective date of the report).
 - **Irrigation** - The subject property has private water rights. See report for description.
 - **Equipment** - There is no irrigation equipment included in the value indicated or that is necessary for the operation.
 - **Flood Zone** -
 - **Hazards & Detriments**: The subject property inspection did not include any observed hazards or detriments (UST's, chemical storage, refuse, etc.). Please refer to page 7 in the report for specific observations.
 - **Other considerations:**
- 1) There is a domestic water PERMIT #65-23059 for domestic and fire protection on the NESW in Section 10 for 600 homes covering 4.46 cfs. The priority date is 4/17/06 under Lake Cascade Airpark LLC. This is in permit stage and is not a water license. Because the development has not been approved, this water permit probably will not be approved nor



be licensed by the state.

2. The subject property is under Center Irrigation District with approximately 410 total acres assess to the owner and an estimated 330 acres on the subject. The appraiser attempted to contact the irrigation district secretary and messages were left, plus a verification letter sent, but no response.

3. Water Right #65-23425 is for Irrigation, Wildlife and Water quality improvement. Diversion rate is 1.52 cfs with priority date of 6/21/10. This allows for 74.5 acres irrigated on SENW, NESW, NWSW and SWSW in Section 10. This also allows for wildlife and water quality improvement located in Section 10. Application remarks on the water right: "The property consists of 510 acres. Center Irrigation District delivers 415 shares (includes) to the property. 65-12054 supplements 11 acres in NWSW (not on subject) and is the primary source for additional 19 acres in SWSW (not on property). 434 acres fully covered from existing surface rights. This application seeks to cover the additional 76 acres. Water quality improvement and wildlife uses are proposed only on lands owned by the applicant, not on lands owned by BOR. Year round water availability and proposed vegetation for these uses will benefit wildlife and allow for water quality improvement upstream from Cascade Reservoir.

4. Wet Land Mitigation Bank: There was a proposal for a wet land bank on this property in 2008. This wet land bank was proposed through the Idaho Transportation Department. When ITD develops a road through wet lands, they must put that area of wet lands onto another property. ITD credits and pays for the wet land credit to an owner of land that will put ITD's wet land on their property. The owner of this property was contacted for such an agreement. The owner, in 2008, was planning on using the wet land areas for his open space in his development. This development did not happen. Each item created in the wetlands will be credited with monetary return. The wet lands is conforming to the area and would not affect the grazing on this property. This would not be a detriment to the property. It is unknown if this agreement took place. The property is valued as agricultural. The wet land areas are described in the map located in the addendum section that also shows the proposed development plan in the addendum section. It is unknown if this was ever completed. The county had no record of this agreement. The water right for wildlife and water quality may be a part of this agreement but according to IDWR, this is under the subject's owner's name. For purposes of this report, the subject property is valued as agriculture with no detriment to value for any wet lands on this property except for building sites, which is not considered in this analysis.

5. As discussed in the market area, the speculative and developer buyers are not participating in this market. The property would be more marketable as irrigated pasture land for livestock. The zoning on this property is limited to agricultural use with limited building sites (recreation). For purposes of this appraisal report, the highest and best use is considered to be multiple use as reflected from the sales used in this report, all having some recreation influences due to their location.

MARKET CONSIDERATION

The market in this area has trended downward from 2008 to 2011. The 2012 sale found was similar property just north of the subject that was banked owned. The buyers are neighboring ranchers and wanted to pay less but was negotiated at \$2826 per total acre. It had 2000 feet of lake frontage, similar to the subject. This sale is felt to indicate a trend but was not considered arms-length as it was bank owned property. Another 2012 sale is north of the subject in the McCall area and had timber, superior to the subject. It was not a banked owned property and was 100 acres, similar in size to the subject.

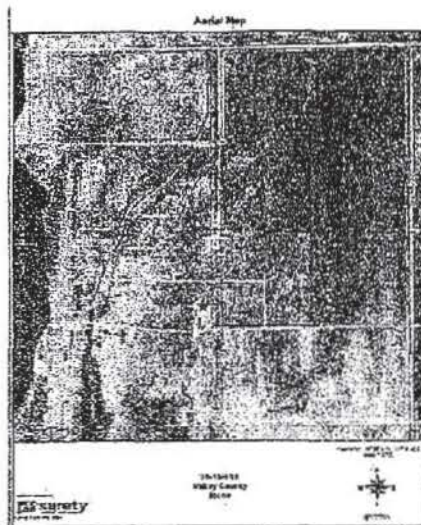
The valuation on this property is based on all sales information, with the lower end of the market, or \$4000 per total acre, used to arrive at a market value for this property. Based on the definition of market value, with exposure of this property being 12 to 24 months, this is considered to be reasonable. The risk is that this market is very hard to determine as recreation properties seem to be show more desirability in each individual wants than representative of income or long term benefits as most properties. The market does seem to reflect agricultural values for the larger tracts than on the smaller 20 acres or less. The risk in this analysis is the lack of current sales in this market and the limited data.

The State of Idaho is a non-disclosure state. Getting sales information on agricultural or development properties have been difficult as the buyers and sellers are not disclosing the terms or sales price. There are also some properties that have been purchased on contract with either the buyer or seller not closing on the deals. The market may be stabilizing and speculation purchases slowing down. The spring and summer typically shows an increase in sales activity, but 2012 this activity has been hard to determine due to the non-disclosure state.

Allocation of Values: 333.63 Acres = \$1,335,000

File No. Lake Cascade Airpark

LAKE CASCADE AIRPARK



LAKE CASCADE AIRPARK
333.63 ACRES
VALLEY COUNTY, IDAHO

Prepared For:

NWFCS
16034 Equine Drive
Nampa, Idaho 83687

Intended User:

NWFCS

Prepared By:

Susan Robbins, ARA
Senior Appraiser - NWFCS
16034 Equine Drive
Nampa, ID 83787

Date Prepared:

5/30/12

UAAR®

File No. Lake Cascade Airpark

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File No # Lake Cascade Airpark

Uniform Agricultural Appraisal Report

Property Identification	Owner/Occupant:	Lake Cascade Airpark %Miller/Hamilton	Total Deeded Acres:	333.63
	Property Address:	Old State Highway	Effective Unit Size:	333.63
	State/County:	Idaho / Valley	Zip Code:	
	Property Location:	7 miles south of Donnelly	Property Code #:	
	Highest & Best Use:	Agricultural "As If" Vacant Ag with limited recreation influence "As Improved"	FAMC Comd'ty Gp:	
	Zoning:	Multiple Use - Ag	Primary Land Type:	Irrg Land
	Unit Type:	<input checked="" type="checkbox"/> Economic Sized Unit <input type="checkbox"/> Supplemental/Add-On Unit	Primary Commodity:	Pasture
	FEMA Community #	FEMA Map #	FEMA Zone/Date:	N/A
	Legal Description:	SEC 10 TWP 15N RNG 3E Attached <input checked="" type="checkbox"/>		
	Purpose of Report:	Estimate the current market value in an "as is" condition		
Use/Intended User(s):	NWFCs and their assigns			
Rights Appraised:	Fee Simple including water rights			
Value Definition:		Attached	<input checked="" type="checkbox"/>	
Assignment:	Summary	Report Type:	Summary	
Extent of Process/Scope of Work:				

Summary of Facts and Conclusions

Appraisal Report Summary	Date of Inspection:	05/29/12	Effective Date of Appraisal:	05/29/12	
	Value Indication	- Cost Approach:	\$		
		- Income Approach:	\$		
		- Sales Comparison Approach:	\$	1,335,000	
	Opinion of Value:	(Estimated Marketing Time 12-24 months)	\$	1,335,000	
	Cost of Repairs:	\$	Cost of Additions:	\$	
	Allocation:	Land: \$ 1,335,000	\$ 4,001 / Ac (100 %)		
		Land Improvements: \$	\$ 0 / (0 %)		
		Structural Improvement Contribution: \$	\$ 0 / (0 %)		
		Non-Realty Items: \$	\$ 0 / (0 %)		
Leased Fee Value (Remaining term of encumbrance)	\$	\$ 0 / (0 %)			
Leasehold Value:	\$	\$ 0 / (0 %)			
	Overall Value:	\$ 4,001 / Ac (100 %)			
Income and Other Data Summary:	<input checked="" type="checkbox"/> Cash Rent <input type="checkbox"/> Share <input type="checkbox"/> Owner/Operator <input type="checkbox"/> FAMC Suppl. Attached				
Income Multiplier	()	Income Estimate:	\$ 0.00 / (unit)		
Expense Ratio:	%	Expense Estimate:	\$ 0.00 / (unit)		
Overall Cap Rate:	%	Net Property Income:	\$ 0.00 / (unit)		
Area-Regional-Market Area Data and Trends:		Subject Property Rating:			
	Above Avg. Avg. Below Avg. N/A		Above Avg. Avg. Below Avg. N/A		
Value Trend			<input checked="" type="checkbox"/>		
Sales Activity Trend			<input checked="" type="checkbox"/>		
Property Compatibility		<input checked="" type="checkbox"/>			
Effective Purchase Power			<input checked="" type="checkbox"/>		
Demand		<input checked="" type="checkbox"/>			
Development Potential			<input checked="" type="checkbox"/>		
Desirability		<input checked="" type="checkbox"/>			
Location			<input checked="" type="checkbox"/>		
Soil Quality/Productivity			<input checked="" type="checkbox"/>		
Improvement Rating			<input checked="" type="checkbox"/>		
Compatibility			<input checked="" type="checkbox"/>		
Rentability			<input checked="" type="checkbox"/>		
Market Appeal			<input checked="" type="checkbox"/>		
Overall Property Rating			<input checked="" type="checkbox"/>		

Scope of Work

PROBLEM IDENTIFICATION

The appraiser has considered this assignment and has developed a Scope of Work necessary to produce credible opinions and conclusions of value based on the subject property and market characteristics, outside influences, and needs of the client. The appraiser has concluded that this Scope of Work is what would be expected of intended users or the appraiser's peers for similar assignments. If not identified elsewhere in the report, the following disclosure is provided to ensure that intended users will understand the Scope of Work performed. This report is prepared to meet the regulations and standards as set forth in USPAP.

EXTENT TO WHICH THE PROPERTY WAS IDENTIFIED: The following property identification information was provided to the appraiser:

- Legal description was provided to the appraiser by NWFCFS.

EXTENT TO WHICH TANGIBLE PROPERTY WAS INSPECTED: The property was inspected in 2010 with report completed on 10/27/2010 and updated 2008 by the appraiser. This appraisal report is updated for NWFCFS purposes. The owner was not present but did assist in providing relevant characteristics about the property. The extent of visual inspection and inventory is identified as:

- Irrigation point of diversion (surface water, ground water, or project) located and verified as being on the subject property.
- Physical access to all parcels making up the subject property
- Field layouts and irrigation patterns
- Property boundaries (corners, potential encroachments, etc.)

TYPE AND EXTENT OF DATA RESEARCHED: The following data was considered or researched:

- Northwest Farm Credit Services (area demographic and economic information, market information, etc.)
- Farm Service Agency (AgriData, Inc. dated 5/08 acreage breakdown, aerial photos, soils map, etc.)
- Courthouse (assessments data, building inventories, maps, etc.)
- Researched the market for sales (MLS, realtors, other appraisers, etc.)
- Inspection of all comparable sales from the public roadway unless otherwise disclosed in this section
- Idaho Department of Water Resources verified through website

TYPE AND EXTENT OF ANALYSIS APPLIED TO ARRIVE AT CREDIBLE OPINIONS AND CONCLUSIONS:

- The effect on use and value of land use regulations (zoning, etc.)
- The relevant legal, physical, & economic factors to the extent necessary to support the highest & best use conclusion
- Cost Approach Not completed as it was not necessary in this assignment
- Income Approach Not completed as it was not necessary in this assignment
- Sales Comparison Approach
- Prior history of the property (all sales within 3 years, current listings/options/agreements as of the date of appraisal)
- Reconcile the quantity and quality of data available and analyzed within each approach used
- Reconcile the applicability or suitability of the approaches used

SPECIAL CONSIDERATIONS:

- Extraordinary Assumptions (an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions and conclusions)
- The Scope of Work has been developed and appraisal completed for the sole and specific needs of the identified intended users.
- Northwest FCS and the appraiser are not responsible for the unauthorized use of this report.
- NWFCFS is the client and intended user of this report. The depth of discussion included in the report is specific to the intended use of the report and the needs of the client.
- Property rights appraised are the fee simple ownership of the property, free and clear and unencumbered by mortgage financing since the rights in real estate are separable and divisible.
- Objective of this report is to estimate the market value as of the date of the inspection and identify any characteristics that enhance the value as well as present value risk.
- Water rights were verified by Idaho Department of Water Resources Website and with district secretary

The appraiser is a Certified General Appraiser (#CGA-196) in Idaho. The appraiser is in good standing with the state and in compliance with continuing education requirements for state certification. The appraiser is an accredited member (ARA) of the Idaho/Utah Chapter and National Chapter of American Society of Farm Managers and Rural Appraisers (ASFMRA).

UAAR®

File No #Lake Cascade Airpark

Area/Regional Description	Area-Regional Boundary: Central portion of Idaho located in Valley County. County Seat is in Cascade. This area is mixture of timber, irrigated pasture and recreational properties with two large lakes, Payette Lake and Lake Cascade. Major cities are McCall, Cascade and Donnelly.				On and Off Property:																																																							
	Major Commodities: Timber, livestock grazing, cattle predominately, some small grains and alfalfa hay. Growing season is short with snow fall starting in end of October through late April.				<table border="0"> <tr> <td></td> <td>Up</td> <td>Stable</td> <td>Down</td> </tr> <tr> <td>Value Trend:</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend:</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Population Trend:</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Employment Trend:</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </table>					Up	Stable	Down	Value Trend:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Sales Activity Trend:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Population Trend:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Employment Trend:	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>																																
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To																																																												
Forces of Value: <i>(Discuss social, economic, governmental, and environmental forces.)</i> Valley County lies about 60 miles north of Boise (State Capitol) the largest city of Idaho. Valley County consists of 2,354,048 acres. Current population of the county is 7,858, an increase of 28% since 1990. Employment was timber, but has changed to recreation. The influence of residential subdivisions for recreational properties increased in 2004-2008. The resort town of McCall and the creation of the new ski resort, Tamarack, elevated values above that of the historic agricultural based land values as well as residential lots during that time period. This influence was more on properties around Lake Cascade and Payette Lake. The demand was due to the aesthetics, hunting and recreation and speculators purchasing larger tracts (over 30 acres) with potential for development. Valley County consists of smaller cities such as Cascade (County Seat), McCall and Donnelly. Schools for the subject's area are located in Cascade. McCall is located north of Cascade on the Payette Lake, a large recreational lake that has a ski resort, Brundage northwest of McCall, golf courses as well as the recreation from the lake. Cascade is located on Cascade Lake (Reservoir) and also has a public golf course, recreation aspects on the lake and a ski resort (Tamarack) which is in bankruptcy and was closed in 2009-2010 season. The homeowners association reopened the resort in 2011 but did not operate in 2012. Continued on next page.																																																												
Exposure Time: 12-24 months. <i>(See attached definition and discussion)</i>																																																												
Specific Market Area Boundaries: Donnelly and Cascade areas are the major marketing areas with some similar influences in Roseberry and Lake Fork areas. These areas are all influenced with irrigated pasture land and recreation aspects with Lake Cascade and West Mountain area.																																																												
Market Area Description	Market Area: <table border="0"> <tr> <td>Rural</td> <td>Suburb</td> <td>Urban</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Up</td> <td>Stable</td> <td>Down</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Sales Activity Trend</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Population Trend</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Development Trend</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </table>				Rural	Suburb	Urban	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Up	Stable	Down	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Sales Activity Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Population Trend	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Development Trend	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Market Area: <table border="0"> <tr> <td>Above Avg.</td> <td>Avg.</td> <td>Below Avg.</td> <td>N/A</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Property Compatibility</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Effective Purchase Power</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Demand</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Development Potential</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Desirability</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>				Above Avg.	Avg.	Below Avg.	N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Effective Purchase Power	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Demand	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Development Potential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Desirability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Analysis/Comments: <i>(Discuss positive and negative aspects of market area.)</i> Valley County, more specifically the cities of Cascade and Donnelly, are located in the Boise Mountains. This area has been known for its timber production, ranch operations as well as recreational properties along the Lake Cascade between Cascade and Donnelly and Payette Lake in McCall. Land along the lake areas have been under ownerships since early 1900s with a mixture of State leased cabin sites and private ownership, US Forest Service timber ground with State and BLM ownerships. Lake Cascade (alias Cascade Reservoir) is mainly made up of private ownership with some BLM, State and Forest service ground on West Mountain. Bureau of Recreation owns the lake and regulates recreation use on this lake. In 2003, Tamarack Resort leased State land and purchased a large amount of private ground to establish a new four season resort. This caused speculators to purchase sites around the lake and neighboring area. The buyers held the property, trying to get building permits through the county. Most of this speculative land was in agricultural use at time of purchase. Properties sold during 2004 to 2007 have development influence. In late 2008 and early 2009, Tamarack declared bankruptcy and closed for the 2009 season. A large number of cabins and vacant land have been placed on the market, some being auctioned as bank owned properties. There were few 2009-2010 sales found in this market. Because of the current national and local economic condition, the change from development use has changed back to an agriculture use on the land not developed. (Cont.)																																																												

Additional Comments

SOCIAL INFLUENCES Most of the population is from second homes purchased by retired people or families from the Boise Valley area. State Highways 55 as well as gravel and paved county roads provide the major transportation to this area. McCall and Cascade both have municipal airports and golf courses.

Valley County was the fastest growing county in Idaho in 2006, adding 6.3 percent in population, according to population estimates released by the U.S. Census Bureau. The Census Bureau estimated there were 8,836 people living in Valley County on July 1, 2006 compared with an estimated population of 8,310 on July 1, 2005, an increase of 526 residents in one year. The county's leading growth rate was followed in 2006 by Canyon County, with a 5 percent increase during the year, and Teton County, which saw a rise of 4.6 percent. Ada County came in fourth place with a 3.9 percent increase. The Census Bureau also provided the list of fastest-growing counties since the last official census in 2000. Valley County was the sixth fastest growing county during that time, with a 15.5 percent increase between 2000 and 2006. In 2008-2009 and early 2010, the area became depressed with a higher unemployment rate, with few recreation jobs in the area. The land values at that time declined with oversupply of cabins/houses on the market. This trend has continued through 2012 with most of the sales being foreclosed bank sales. Some are auctioned in this market.

The area affords a high water table due to the amount of snowfall and rain. Some properties can not meet septic requirements due to this high water table in the valley areas. This lack of perk capability has an affect on the market value on properties that were considered for development. Because of the current economics in this area, speculators are no longer participating in this market, and most properties listed were purchased lands that banks own or speculators are having to sell. These properties are now considered to be an agricultural use with some recreational influence, but little enhancement to the development influence. The agricultural undeveloped properties must be approved for "perk" or septic system capability before the P&Z will approve any building sites.

Economic: Major employment is provided by State, Federal and private businesses. US Forest Service, BLM and State Department of Lands manages most of the timber land plus major portions of Lake Cascade and Payette Lake. Domestic as well as agricultural needs are available in Boise, McCall and Cascade. Because of the decreased demand for recreational and lake front properties, owners are listing their properties at reduced values. There has been little residential/cabin site sales in this area. This puts a longer marketing period for these types of properties. The agriculture properties are generally the valley bottom lands that are cattle grazed irrigated pasture.

GOVERNMENTAL/ENVIRONMENTAL: Valley County Planning and Zoning controls the county zoning. The subject borders some potential for development or platted land. This has some influence on the subject property. However, zoning allowance of building sites, whether commercial or residential depends upon the properties ability to "perk".

No environmental concerns, known to the appraiser, in Valley County or this immediate area. Water rights are licensed under Idaho Department of Water Resources. The appraiser did not investigate the septic (perk) availability to have septic system due to the high water table.

FORCES OF INFLUENCES (Cont.)

Along with depressed economic environment, there is a decline in population and employment, with the county and cities straining to meet the city and county costs due to the decreased values. There are few sales in 2012 found in this area, which makes the appraiser and other knowledgeable people in this area, assume that the market is stable or declining in value, due to lack of buyers. The MLS showed several cabins, homesites and vacant land on the market which is an indicator of lack of buyers for properties in this market.

Additional Comments

VALLEY COUNTY AND COMMUNITY

There are several golf courses with planned subdivisions surrounding the courses in the area. The Jug Mountain Resort provides golfing, club house and subdivisions with view of the mountains and golf course. This is approximately 7 to 10 miles north of the subject. Tamarack Golf Course was development within the Resort area on West Mountain along the lake, northwest of the subject. It is unknown if the golf course will be open in 2012 summer due to the bankruptcy. Whitetail Golf Course in McCall and northwest of the subject, has building lots around the resort and course. The economy has affected these building lots on all these golf courses.

The Valley area consists of three major towns, Cascade (County Seat), Donnelly and McCall. Donnelly is the smallest town and provides minimal domestic needs. County roads provide access, some are seasonal access and are closed during winter months due to high snowfall in this area. Subdivisions provide their own snow removal with association fees to pay for such services.

The major employment in this area includes Brundage Ski Resort, Cascade School Districts, Valley County, Forest Service, Federal such as US Post Office and Forest Service, State Department of Lands and Cascade Hospital.

The subject property is located west of Highway 55, north of Cascade and south of Donnelly. A paved county road, Kantola Road, is the main access road running east and west from Highway 55, with the Old State Highway running north and south. These roads are open during spring, summer and fall months. Most properties in this general area are irrigated pasture land with livestock (mainly cows) grazing. These fields are fenced and cross fenced for cattle containment. The irrigated pasture is typically used in the summer and early fall months, due to the snowfall in this area. Topography is mainly level to some undulating and steep on the hillsides. Timber areas are intermixed with the irrigated pasture land, mainly around Lake Cascade.

UAAR®

File No # Lake Cascade Airpark

Property Description: (Location, use and physical characteristics) The subject property is an odd shaped tract of land. The subject consists of a large parcel and a small 2.06 acre parcel on the west central side and close to the lake. Access to the property is via Kantola Road (county gravel road) with Old State Road forming the east boundary. The subject is a mixture of irrigated pasture with some willow trees. There is a ditch that runs from the north towards the southeast, draining into the lake. This is used mainly for irrigation. There is also a creek (ditch) that runs along the western portion from north to south. There is a dirt road off of Kantola Road called Downey Lane, that runs through the subject property, providing limited seasonal access. The property is level to slightly sloping and soils are conducive to irrigated pasture grasses. The property is fenced and crossed fenced for cattle grazing. The views on this property are of West Mountain to the west, and the Boise Mountain Range to the east. The property would have some limited access during winter months but access is reasonable. The access to the lake, 2.06 acres, end approximately 50 to 100 feet from the lake. This land around the lake is owned by the same individuals but is not valued in this report. The property was being grazed by cattle, approximately 200 head. (Continued on next page)

Subject Land Description

Land Use	Deeded Acres	Unit Type	Unit Size	Subject Description:	Above Avg.	Avg.	Below Avg.	N/A
Pasture (Site)	333.63		(100.0%)	Location	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Legal Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Physical Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Configuity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Shape/Ease Mgt.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Adequacy Utilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			(0.0%)	Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			(0.0%)	Rentability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	Market Appeal	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
			(0.0%)	FEMA Zone/Date	N/A			
Total Deeded Acres	333.63	Total Units	(100 %)	Building Location	None			

Comments: The subject, as verified through county records, has a total of 333.63 acres. The legal description describes 332 acres total. For purposes of this report, the county records is considered as acreage size in this report. This excludes the roads which would not be valued for purposes of this report. The property is classified as pasture which is also considered in the sales used as site. In this current market, the typical buyer would consider the land as site or pasture land, in its total acreage.

Land Improvements:	Above Avg.	Avg.	Below Avg.	N/A
Domestic Water	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Livestock Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interior Roads	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Drainage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Water Rights: ☐ No ☒ Yes ☐ Supplement Attached
Mineral Rights: ☒ No ☐ Yes ☐ Supplement Attached
Comments: No mineral rights are valued for purposes of this appraisal report. The appraiser did not investigate the mineral on the property nor is the market influenced by these rights. Water rights are considered appurtenant to the land and valued with same.

Topography:	Level	Undulating	Rolling	Sloping
Pasture (Site)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Topography	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Soils Description: Soils are detailed in the addendum section of this report with the majority as Meiton and Roseberry loams. The soils are conducive for agricultural uses.

Soil Quality/Production: ☐ Above Avg. ☒ Avg. ☐ Below Avg. ☐ N/A ☐ Supplement Attached

Climatic: 15-20 " Annual Precipitation 4899 ' to 4900 ' Elevation 125 Frost-Free Days
Utilities: None Water at road Electric None Sewer None Gas at road Telephone
Distance To: 7 Schools 12 Hospital 12 Markets 2 Major Hwy. 7 Service Center
Easements/Encroachments: (Conservation, Utility, Preservation, etc.) There were no easements nor encroachments noted in the legal description nor on the property during the inspection that would affect the marketability of this property.
Hazards and Detriments: See next page.

Subject Property Description (Cont.)

According to the owner, in 2008, there were plans to develop this property into a 36 single family lots, 10 casitas with an equestrian center, clubhouse, pool and tennis courts, 142 lots with clubhouse. The county was contacted and the P&Z indicated that there are no zoning approvals in place and the property is classified as Multiple Use - agriculture. The appraiser has included the proposed plat in this report for reference purposes only.

The property owner was considering a designation to wetlands as part of the wetlands mitigation bank. It is unknown if this will ever happen nor what impact this will have on future uses on this property.

For purposes of this report, the property is being appraised as 333.63 acres of pasture land (site), compared to similar properties in this area.

Water Rights:

There is a domestic water PERMIT #65-23059 for domestic and fire protection on the NESW in Section 10 for 600 homes covering 4.46 cfs. The priority date is 4/17/06 under Lake Cascade Airpark LLC. This is in permit stage and is not a water license. Because the development has not been approved, this water permit probably will not be approved nor be licensed by the state.

Water Right # 65-9787 for Domestic use from ground water, .04 CFS and 1.2 AFA priority date 6/1/52, ownership- Lake Cascade Airpark LLC with place of use in NESW of Section 10, 15N 3E. This right is on the NESW which is part of the subject.

Water Right #65-23425 is for Irrigation, Wildlife and Water quality improvement. Diversion rate is 1.52 cfs with priority date of 6/21/10. This allows for 74.5 acres irrigated on SENW, NESW, NWSW and SWSW in Section 10. This also allows for wildlife and water quality improvement located in Section 10. Application remarks on the water right: "The property consists of 510 acres. Center Irrigation District delivers 415 shares (includes) to the property. 65-12054 supplements 11 acres in NWSW (not on subject) and is the primary source for additional 19 acres in SWSW (not on property). 434 acres fully covered from existing surface rights. This application seeks to cover the additional 76 acres. Water quality improvement and wildlife uses are proposed only on lands owned by the applicant, not on lands owned by BOR. Year-round water availability and proposed vegetation for these uses will benefit wildlife and allow for water quality improvement upstream from Cascade Reservoir.

The subject property is under Center Irrigation District with approximately 410 total acres assess to the owner (includes other land) and an estimated 330 acres on the subject. The appraiser attempted to contact the irrigation district secretary and messages were left, plus a verification letter sent, but no response.

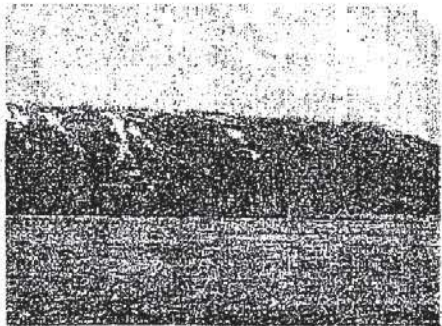
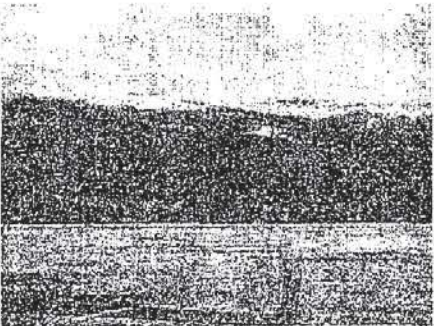
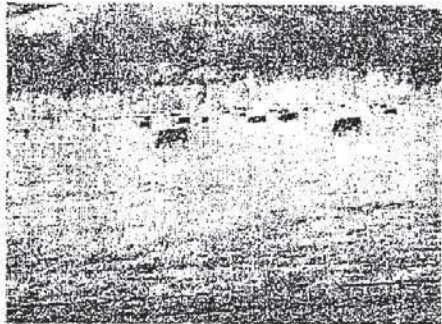
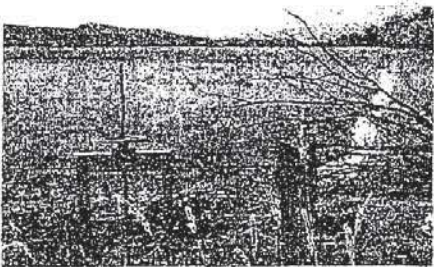
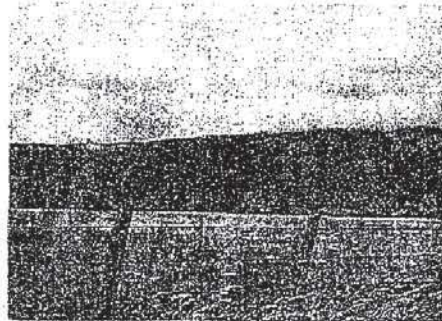
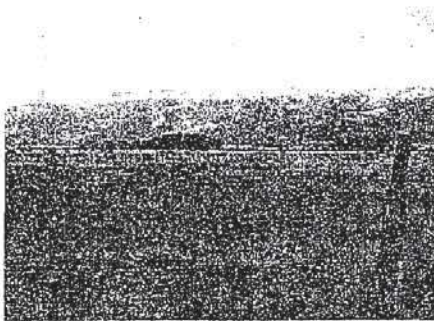
Hazards & Detriments

The appraiser did not observe any obvious environmental or hazardous concerns a typical of a grazing operation. However this appraiser is not trained as an environmental expert and does not know if, in fact, environmental or hazardous conditions exist on the subject property. The appraiser's observation is limited to reasonably apparent and accessible conditions and do not include hidden, latent conditions or those in inaccessible areas. The appraiser was not provided with a current environmental supplement completed by the owners.

The market has seen a decline in demand for recreational homesites or developing land into cabin homesites due to purchasing power as affected by the economy. The market has several cabins and houses in this area listed in the MLS, some of which are bank repossessed and to be auctioned. The owner's plan to develop this property is not considered to be the highest and best use of this property. In fact, it appears that this plan will never happen, and according to the county, will not be approved due to the wet lands. The county has not seen this plan nor approved any development on this property. The highest and best use is determined to be agriculture with some recreation influence. The buyer of this property, due to its size, would be more interested in the pasture land on this property with some speculation for future recreation aspects. The wet lands on this property would prohibit any large development. This property is considered to be agriculture, irrigated pasture land.

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File No# Lake Cascade Airport



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File No #Lake Cascade Airpark

History	<input checked="" type="checkbox"/> Ownership Longer Than <u>3</u> Years <div style="display: flex; justify-content: space-between; width: 100%;"> Owner Recording/Reference Date Price Paid Terms </div>					
	Previous: _____ \$ _____ Present: _____ \$ _____					
	Currently: <input type="checkbox"/> Optioned <input type="checkbox"/> Under Contract Contract Price: \$ _____ Buyer: <input type="checkbox"/> Currently Listed Listing Price: \$ _____ Listing Date: _____					
Zoning	Current Zoning: <u>Multiple Use - Ag</u> Zoning Conformity: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Zoning Change: <input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Probable To: _____					
	Comments: Planning and Zoning for Valley County has this property listed as multiple use - agriculture. The information obtained from the P&Z, the probability of rezoning to development on this property is unlikely. Due to the flood zone, wet lands and high water table disallowing the ability to perk on this property, the housing development would be prohibitive. Because of the economic situation in this area, zoning change would not be in the near future.					
Taxes	Tax Basis: <input type="checkbox"/> Agricultural <input checked="" type="checkbox"/> Multiple Use		Assessment Year: <u>2011</u> Land \$ <u>73,360</u> Building(s) \$ _____ Total Assessed Value \$ <u>73,360</u>		Forecast: Current Tax \$ <u>1,932</u> Estimated/Stabilized \$ <u>1,932</u> Or (<u>333.63</u> Ac.) = \$ <u>5.79</u> /acre	
	Parcel #: _____				Trend: <input type="checkbox"/> Up <input checked="" type="checkbox"/> Down <input type="checkbox"/> Stable	
	Comments: Parcel #RP15N03E100605 and 100006. Taxes have declined as well as assessed values in Valley County.					
Highest & Best Use Analysis	<small>Highest & Best Use is defined as that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.</small>					
	Analysis: <i>(Discuss legally permissible, physically possible, financially feasible, and maximally productive uses)</i> The highest and best use of this property is its current use, multiple-use which includes agriculture and recreation. Four elements are considered when determining the highest and best use of a property. Legal Use: The property is zoned multiple use which is its current and highest and best use of this property. This use allows for single family dwellings as well as agricultural uses. Physical Use: The property has an irrigation ditch supplying water to the various fields. Physical location from Highway 55, Lake Cascade and Donnelly makes this property desirable for recreation uses. The property has no timber but some willow trees for protection. There is limited lake access on Lake Cascade from this property. The owners have platted this property but the plat has not been approved by the county. Financially Feasible/Maximally Productive: As discussed in the market area, the speculative and developer buyer is not participating in this market. The property would be more marketable as irrigated pasture land for livestock. The zoning on this property is limited to agricultural use with limited building sites (recreation) due to wetlands. This use is the financially feasible and maximally productive uses. For purposes of this appraisal report, the highest and best use is considered to be agriculture with some ability to build recreation cabins. This highest and best use considers the property as vacant/improved.					
	Highest and Best Use: "As if" Vacant <u>Agricultural</u> "As Improved" <u>Ag with limited recreation influence</u>					
	Discussion: As vacant, the land use would be agriculture with some limited building sites. As improved, the improvements would support both the agriculture and recreation influence uses in this area.					
Value Methods	Valuation Methods: <input type="checkbox"/> Cost Approach <input type="checkbox"/> Income Approach <input checked="" type="checkbox"/> Sales Comparison Approach (Explain and support exclusion of one or more approaches) As there are no improvements on this property and one land class, the Cost Approach was not completed and felt not to be necessary in this assignment. The Income Approach is not completed as there would be limited information for rents in this area on livestock grazing on the irrigated pasture land. The sales do not reflect the buyer's reliability on this approach. Therefore it is not necessary in this assignment and not completed. The Sales Comparison Approach is best reflected in this market, based on a \$ per acre analysis. This is the most relied upon method of valuation from buyers in this market.					

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File No #Lake Cascade Airpark

Sales Comparison Approach (1-5)

Sale Data		Subject	Sale #1 1	Sale #2 2	Sale #3 3	Sale #4 4	Sale #5 5
Sale Data	Grantor (Seller)						
	Grantee (Buyer)						
	Source		RE Agent	Buyer	MLS/Appraiser	MLS/Appraiser	Appraiser
	Date	Eff 05/12	09/09	09/04	02/04	11/04	10/05
	Eff Unit Size/Unit	333.63 / Acres	40	158	40	55	78
	Sale Price		115,000	799,000	130,000	236,000	400,000
	Finance Adjusted		Cash	Cash	Cash	Cash	Cash
	CEV Price		115,000	799,000	130,000	236,000	400,000
	Multiplier						
	Expense Ratio						
<p>The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.</p>							
CEV Price/ Acres		2,875.00	5,056.96	3,250.00	4,290.91	5,142.71	
LAND AND IMPROVEMENT ADJUSTMENTS							
Land Adjustment							
Impv. Adjustment							
Adjusted Price		2,875.00	5,056.96	3,250.00	4,290.91	5,142.71	
TIME ADJUSTMENTS							
<input checked="" type="checkbox"/> Yr	<input type="checkbox"/> Mo	Periods	2.67	7.67	8.25	7.50	6.59
<input type="checkbox"/> Smpl	<input checked="" type="checkbox"/> Cmp	Rate	-2.10	-2.10	-2.10	-2.10	-2.10
<input checked="" type="checkbox"/> Auto	<input type="checkbox"/> Man	Time Adjustment	-158.39	-759.69	-522.02	-631.43	-671.24
		Time Adj. Price	2,716.61	4,297.27	2,727.98	3,659.48	4,471.47
OTHER ADJUSTMENTS							
Location		S Donnelly	NE Donnelly	E Donnelly	NE Donnelly	Roseberry	Roseberry
		Adjustment	O	O	O	O	O
		Adjustment					
		Adjustment					
		Adjustment					
		Adjustment					
Net Adjustments			-158	-760	-522	-631	-671
ADJUSTED PRICE			2,717	4,297	2,728	3,660	4,472
<p>Analysis/Comments: (Discuss positive and negative aspects of each sale as they affect value) Comparable sales were found in similar market area as the subject. Time of sales range 2001 to 2010. A time adjustment was made by Sale #1 and #3 (sale resale) at -2.1% per year compounded. The sales are compared and adjusted by using adjustment to the sale indicators of superior (-), comparable (O) or inferior (+) to the subject. The sales are described in more detail on the following page and the addendum. The sales are then compared to the subject as to location. The sales, after adjustments are more in line with the current market and comparable to the subject's value range. These sales reflect a reasonable range of \$2717 to \$7568 per acre. The lower range from these sales at \$2717 to \$4472 per total acre is more in line with this property. This is based on the uncertainty of this market and considering the lack of demand for recreation property and the highest and best use as agriculture. The value of \$4,000 per acre is considered reasonable value for the subject, which brings the rounded value to \$1,335,000. (Cont.)</p>							
Sales Comparison Approach Summary:							
Property Basis (Value Range):		\$	2,717.00	to	\$	7,568.00	
Unit Basis:		\$	4,000.00 / Acre X	333.63 Acres =	\$	1,334,520.00	
Multiplier Basis:		\$	X	(multiple) =	\$		
						Sales Comparison Indication:	
						\$ 1,335,000	

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File No # Lake Cascade Airpark

Sales Comparison Approach (6-10)

Sale Data		Subject	Sale #6 6	Sale #7 7	Sale #8 8	Sale #9 9	Sale #10 10
Sale Data	Grantor (Seller)						
	Grantee (Buyer)						
	Source		Agt Appr	RE Agent	Appraiser	RE Agent	Agt Appr
	Date	Eff. 05/12	05/12	06/10	07/05	01/08	09/11
	Eff. Unit Size/Units	333.63 / Acres	42	42	68	40	548
	Sale Price		300,000	190,000	595,000	225,000	1,550,000
	Finance Adjusted		Cash	Cash	Cash	Cash	Cash
	CEV Price		300,000	190,000	595,000	225,000	1,550,000
Multiplier							
Expense Ratio							
<p>The Appraiser has cited sales of similar property to the subject and considered these in the market analysis. The description below includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and the sales documented. When significant items are superior to the property appraised, a negative adjustment is applied. If the item is inferior, a positive adjustment is applied. Thus, each sale is adjusted for the measurable dissimilarities and each sale producing a separate value indication. The indications from each sale are then reconciled into one indication of value for this approach.</p>							
CEV Price/ Acres		7,134.36	4,534.61	8,750.00	5,625.00	2,826.40	
LAND AND IMPROVEMENT ADJUSTMENTS							
Land Adjustment							
Impt. Adjustment							
Adjusted Price		7,134.36	4,534.61	8,750.00	5,625.00	2,826.40	
TIME ADJUSTMENTS							
<input checked="" type="checkbox"/> Yr.	Mo.	Periods	0.00	1.92	6.84	4.33	0.67
<input type="checkbox"/> Smp!	<input checked="" type="checkbox"/> Cmp.	Rate		-2.10	-2.10	-2.10	
<input checked="" type="checkbox"/> Auto.	Man.	Time Adjustment	0.00	-181.07	-1,182.34	-493.89	0.00
		Time Adj. Price	7,134.36	4,353.54	7,567.66	5,131.11	2,826.40
OTHER ADJUSTMENTS							
Location	S Donnelly	SW McCall	Lake Fork	Lake Fork	Round Valley	Donnelly	
	Adjustment	+	+	+	0	0	
	Adjustment						
	Adjustment						
	Adjustment						
	Adjustment						
Net Adjustments		0	-181	-1,182	-494	0	
ADJUSTED PRICE		7,134	4,354	7,568	5,131	2,826	
Analysis/Comments: (Discuss positive and negative aspects of each sale as they affect value)							

Sales Comparison Comments

The Sales Comparison Approach is based upon the principle of substitution, which holds that an informed buyer will pay no more for one property than for another that is equally desirable. This is a set of procedures in which the appraiser derives a value by comparing the property being appraised to similar properties that have recently been sold, applying appropriate units of comparison and making adjustments to the sale prices of the comparable sales. The Sales Comparison Approach is based on a direct comparison of the subject property to market sales of comparable and competing properties. The market sales are adjusted for comparative purposes based on features such as sale terms, date of sale, land mix and location. This analysis is based on a Dollar per acre analysis. The sales used in this report are described in more detail in the addendum section of this report, and briefly described below in comparison to the subject. The risk in this market is the lack of current sales that are between arms-length transaction with seller not being a bank. Most of these sales are older.

Sale #1 and Sale #3: These are sale and resale of vacant pasture ground. Sale #1, the sellers were liquidating the property (buyers of Sale #3). The buyers for Sale #1 are from California and plan to build on the property. The property is comprised of two separate 20 acre legal parcels. The property is two miles northeast of Donnelly. The property has undulating topography. The property includes views in all directions. It is accessed off of Finlandia Road which is a county gravel road not open year around, similar to the subject. This property has high water table and can only have one building site. Zoned Multiply use. Soils are Gestrin loam, Blackwell clay loam and Carbarton silty clay loam with slopes of 0-4%. There is power and phone service on the road. This is slightly inferior to the subject due to location and access.

Sale #2: This property has some timber land and slopes westward to Gold Fork Road. It was irrigated pasture land at time of sale, similar to the subject. This is a 2004 sale, adjusted downward. The property is currently being developed for rural recreational homesites. Gold Fork is open year around. Nice view of West Rock Mountains and Cascade Lake is approximately 10-miles west. Buyer indicated that the cabin was no value, was purchased for development and subdivided into 2.5 and 14 acre lots. After time adjustment, this sale is superior when comparing to the subject.

Sale #4: The sale is located 1/4 mile south of Roseberry on Farm to Market Road. This property is nearly level with some very gently undulating topography. Soils are Archabal loam, Donnel sandy loam and Gestrin loam with slopes of 0-12%. The property is fenced for cattle grazing and was in pasture at time of purchase. Utilities have power and phone at the road. This is a 2004 sale, adjusted downward for time. After adjustments, this sale is inferior to the subject due to location.

Sale #5: This sale occurred in 2005. The buyer later split and sold 60.58 acres. This has level topography and is pasture land. The buyers motivation was investment and development. The property was eventually split into three parcels with the buyer keeping one. The buyer kept 10 acres and sold the remaining in 2006. This sale is approximately 1/2 mile south of Roseberry on Barker and Farm to Market Roads. After time adjustment of -2.1% per year, this sale indicated a value superior to the subject.

Sale #6: This property is situated North of Donnelly, southwest of McCall and east of West Mtn Rd, situated at the end of W Lake Fork Road. The property has aspens, Ponderosa Pine trees. It has building sites available. There are views of the Payette River on the west boundary. The property was on the market for 77 days. Zoned Timber Use by the county. This is a higher sale, 2012 that closed two weeks ago. It has timber which is superior to portions of the subject.

Sale #7: This is a sale of a irrigated pasture land lies east of Highway 95 and 1/2 mile north of Lake Fork Road. The property is level with some slope and is fenced for livestock grazing. This was bank repo and sold on contract at 9.5%. The property has dirt ditches for flood irrigation. This is superior to the subject due to location.

Sale #8: This property is located 4 miles southeast of Lake Fork on Finn Church Lane. The property is level with some undulating topography and moderate view of West Mountain. This was in irrigated pasture with little trees. The soils are Jurvannah sandy loam, limited amounts of Gestrin loam and Blackwell caly with some Takeuchi coarse sandy loams. The utilities include power and phone on the road. This property was purchased for investment and possible development. It is superior to the subject as to location.

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File No. # Lake Cascade Airpark

Sales Comparison Comments

Sale #9: This is a sale of a irrigated pasture land in the Round Valley area of Valley County, off Highway 95 on Sixty Lane (gravel road). The property has views of the valley but not comparable to Cascade area. This can be split into 20 acre parcels. There is a canvas building (Dome) on this property. The property was on the market for 68 days at purchase price. Buyer is from the Boise area. Topography is level. Zoning is Multiple Use. Buyer put in deck and other structure features to the dome after purchase. This sale is adjusted downward -2.1% for time and is inferior as to location in Round Valley south of Cascade.

Sale #10 was a bank repossessed sale that was purchased for agriculture use. It lies north of the subject and has frontage on Lake Cascade. The property is irrigated pasture and has been historically been used by livestock. The size is larger than the subject. It has a small portion in timber. It was purchased previously for development and bank received this property back in foreclosure. The buyers motivation was for livestock and recreation. There were a couple of ranchers that were interested in this property. It is very comparable to the subject and the most recent sale. This sale is felt to be lower in this market due to the bank owned property.

The appraiser found 10 listings in this market of properties over 40 acres. Some of these listings were in Council area, west of West Mountain and in Adams County. There were 3 agriculture listings; one 42 acre (\$4167/acre), one 80 acre (in Herrick Lake area for \$2062/ac inferior area) and one 160 acre at \$3,094 per acre. Days on the market are 169 to 364 days. There seems not to be a size adjustment based on these listings. The listings support the value attributed to the subject property at \$4000 per acre.

Looking at the range from these sales, the value of \$4000 per acre best reflects the market value, based on exposure time of 12-24 months, in terms of cash and considering the current market conditions. The property value at \$1,335,000, in terms of cash, is felt to be reasonable and given most consideration in the reconciliation to value section of this report.

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File No # Lake Cascade Airpark

Reconciliation and Opinion of Value

Summary

Cost Approach	_____	\$	
Income Approach	_____	\$	
Sales Comparison Approach	_____	\$	1,335,000

Discussion & Correlation of Values

Analysis of Each Approach and Opinion of Value: The three approaches to value have been considered with the Sales Comparison Approach fully analyzed. There were several sales used in this report that are comparable with similar attributes as the subject, including zoning recreation influences and location. A time adjustment of -2.1% per year was made to the sales between 2004 and 2010. This represents the development and speculative influences during that time frame. The risk in this market is the lack of current sales and the abundance of MLS listings in this market. The recreation home sites and cabins listed in this market is numerous. There were listings in the MLS that seems to support the valuation used in this report. The market may still be declining, however the 2009 and 2011 sales indicated values reasonable to the 2001 market and the readjusted sales used in this report. There is a lack of buyers in this market, especially developers and speculators.

The Sales Comparison Approach reflects the current market by using comparable sales with similar influences and highest and best use. The basis of value is \$ per total acre and does not include any improvement value. The strength of the Sales Comparison Approach is that it is a reflection of how the typical buyer looks at the overall market as the buyer compares comparable properties. The range of value is reflective of size, location, zoning and condition of the property. This approach is given most consideration in this market due to these factors.

Considering all these factors and what the market influences are for the subject property, a value of \$1,335,000 is a reasonable market value for the subject. This valuation includes water rights which are appurtenant and a reliable part of the subject property.

The final estimate of market value is \$1,335,000 is based market value being terms of cash. This is a reasonable value for this property considering the condition of the property at the time of sale and the trends in the market. The value is not based on the purchase price of the property.

Below is the breakout of the land value as there are no improvements or irrigation equipment on this property.

Allocation of Value

Opinion Of Value -	(Estimated Marketing Time	12-24	months, see attached)	\$	1,335,000
Cost of Repairs	\$				
Cost of Additions	\$				
Allocation: (Total Deeded Units: 333.63)	Land:	\$	1,335,000	\$	4,001 / Ac (100 %)
	Land Improvements:	\$	0	\$	0 / (0 %)
	Structural Improvement Contribution:	\$	0	\$	0 / (0 %)
Value Estimate of Non-Realty Items:					
Value of Personal Property (local market basis)	\$				
Value of Other Non-Realty Interests:	\$				
Non-Realty Items:	\$			\$	0 / (0 %)
Leased Fee Value (Remaining Term of Encumbrance)	\$			\$	0 / (0 %)
Leasehold Value	\$			\$	0 / (0 %)
Overall Value	\$	1,335,000	\$	4,001 / Ac (100 %)	

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File No. # Lake Cascade Airpark

Risk in this Market

The market in this area has trended downward from 2008 to 2011. The 2012 sale found was similar property just north of the subject that was banked owned. The buyers are neighboring ranchers and wanted to pay less but was negotiated at \$2826 per total acre. It had 2000 feet of lake frontage, similar to the subject. This sale is felt to indicate a trend but was not considered arms-length as it was bank owned property. Another 2012 sale is north of the subject in the McCall area and had timber, superior to the subject. It was not a banked owned property and was 100 acres, similar in size to the subject.

The valuation on this property is based on all sales information, with the lower end of the market, or \$4000 per total acre, used to arrive at a market value for this property. Based on the definition of market value, with exposure of this property being 12 to 24 months, this is considered to be reasonable. The risk is that this market is very hard to determine as recreation properties seem to be show more desirability in each individual wants than representative of income or long-term benefits as most properties. The market does seem to reflect agricultural values for the larger tracts than on the smaller 20 acres or less. The risk in this analysis is the lack of current sales in this market and the limited data.

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File No #Lake Cascade Airpark

MARKET VALUE DEFINITION

Regulations published by federal regulatory agencies pursuant to title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Other:

Market value means the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming neither is under duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and acting in what they consider their best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

12 CFR Part 614

EXPOSURE AND MARKETING TIME ESTIMATES

Market value (see above definition) conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time of 12-24 months has been estimated. Exposure time is the estimated length of time the property interest being appraised would have been offered in the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; exposure time is always presumed to precede the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period after the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, the appraiser(s) have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is 12-24 months.

Comments: Based on the listings and few sales in this market, a reasonable exposure time is 12-24 months.

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File No # Lake Cascade Airport

Assumptions and Limiting Conditions

The certification of the Appraiser(s) appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. The Appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser(s) render any opinion as to title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Sketches in the report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser(s) have made no survey of the property. Drawings and/or plats are not represented as an engineer's work product, nor are they provided for legal reference.
3. The Appraiser(s) are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of the valuation in the report applies only under the existing program of utilization. The separate valuations of components must not be used outside of this appraisal and are invalid if so used.
5. The Appraiser(s) have, in the process of exercising due diligence, requested, reviewed, and considered information provided by the ownership of the property and client, and the Appraiser(s) have relied on such information and assumes there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser(s) assume no responsibility for such conditions, for engineering which might be required to discover such factors, or the cost of discovery or correction.
6. While the Appraiser(s) ☒ have ☐ have not inspected the subject property and ☒ have ☐ have not considered the information developed in the course of such inspection, together with the information provided by the ownership and client, the Appraiser(s) are not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated.
7. Information, estimates, and opinions furnished to the Appraiser(s), and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser(s) can be assumed by the Appraiser(s).
8. Unless specifically cited, no value has been allocated to mineral rights or deposits.
9. Water requirements and information provided has been relied on and, unless otherwise stated, it is assumed that:
 - a. All water rights to the property have been secured or perfected, that there are no adverse easements or encumbrances, and the property complies with Bureau of Reclamation or other state and federal agencies;
 - b. Irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures;
 - c. Any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured with the title to real estate; and
 - d. Title to all such property conveys with the land.
10. Disclosure of the contents of this report is governed by applicable law and/or by the Bylaws and Regulations of the professional appraisal organization(s) with which the Appraiser(s) are affiliated.
11. Neither all nor any part of the report, or copy thereof, shall be used for any purposes by anyone but the client specified in the report without the written consent of the Appraiser.
12. Where the appraisal conclusions are subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner consistent with the plans, specifications and/or scope of work relied upon in the appraisal.
13. Acreage of land types and measurements of improvements are based on physical inspection of the subject property unless otherwise noted in this appraisal report.
14. **EXCLUSIONS.** The Appraiser(s) considered and used the three independent approaches to value (cost, income, and sales comparison) where applicable in valuing the resources of the subject property for determining a final value conclusion. Explanation for the exclusion of any of the three independent approaches to value in determining a final value conclusion has been disclosed in this report.
15. **SCOPE OF WORK RULE.** The scope of work was developed based on information from the client. This appraisal and report was prepared for the client, at their sole discretion, within the framework of the intended use. The use of the appraisal and report for any other purpose, or use by any party not identified as an intended user, is beyond the scope of work contemplated in the appraisal, and does not create an obligation for the Appraiser.
16. Acceptance of the report by the client constitutes acceptance of all assumptions and limiting conditions contained in the report.
17. Other Contingent and Limiting Conditions:

This appraisal has been prepared for the sole and specific needs of Northwest Farm Credit Services. To the extent any third party relies upon or uses this appraisal, Northwest Farm Credit Services and the person making this appraisal hereby disclaim any liability for the contents herein and for any changes that may have occurred since the date of the appraisal.

Additional Limiting Conditions.

19. A time adjustment of -2.1% per year was made to the sales between 2002 and 2010. This represents the development and speculative influences during that time frame. The risk in this market is the lack of current sales and the abundance of MLS listings in this market. The recreation home sites and cabins listed in this market is numerous. There were 20 bare land listings in the comparable market. The market may still be declining as the most current sale indicated values more in line with agricultural values than with development potential that is reflected in the 2004-2008 market. There is a lack of buyers in this market on larger properties such as the subject, especially developers and speculators.

20. There is a domestic water PERMIT #65-23059 for domestic and fire protection on the NESW in Section 10 for 600 homes covering 4.46 cfs. The priority date is 4/17/06 under Lake Cascade Airpark LLC. This is in permit stage and is not a water license. Because the development has not been approved, this water permit probably will not be approved nor be licensed by the state.

21. The subject property is under Center Irrigation District with approximately 410 total acres assess to the owner and an estimated 330 acres on the subject. The appraiser attempted to contact the irrigation district secretary and messages were left, plus a verification letter sent, but no response.

22. Water Right #65-23425 is for Irrigation, Wildlife and Water quality improvement. Diversion rate is 1.52 cfs with priority date of 6/21/10. This allows for 74.5 acres irrigated on SENW, NESW, NWSW and SWSW in Section 10. This also allows for wildlife and water quality improvement located in Section 10. Application remarks on the water right: "The property consists of 510 acres. Center Irrigation District delivers 415 shares (includes) to the property. 65-12054 supplements 11 acres in NWSW (not on subject) and is the primary source for additional 19 acres in SWSW (not on property). 434 acres fully covered from existing surface rights. This application seeks to cover the additional 76 acres. Water quality improvement and wildlife uses are proposed only on lands owned by the applicant, not on lands owned by BOR. Year round water availability and proposed vegetation for these uses will benefit wildlife and allow for water quality improvement upstream from Cascade Reservoir.

23. Wet Land Mitigation Bank: There was a proposal for a wet land bank on this property in 2008. This wet land bank was proposed through the Idaho Transportation Department. When ITD develops a road through wet lands, they must put that area of wet lands onto another property. ITD credits and pays for the wet land credit to an owner of land that will put ITD's wet land on their property. The owner of this property was contacted for such an agreement. The owner, in 2008, was planning on using the wet land areas for his open space in his development. This development did not happen. Each item created in the wetlands will be credited with monetary return. The wet lands is conforming to the area and would not affect the grazing on this property. This would not be a detriment to the property. It is unknown if this agreement took place. The property is valued as agricultural. The wet land areas are described in the map located in the addendum section that also shows the proposed development plan in the addendum section. It is unknown if this was ever completed. The county had no record of this agreement. The water right for wildlife and water quality may be a part of this agreement but according to IDWR, this is under the subject's owner's name. For purposes of this report, the subject property is valued as agriculture with no detriment to value for any wet lands on this property except for building sites, which is not considered in this analysis.

24. As discussed in the market area, the speculative and developer buyers are not participating in this market. The property would be more marketable as irrigated pasture land for livestock. The zoning on this property is limited to agricultural use with limited building sites (recreation). For purposes of this appraisal report, the highest and best use is considered to be multiple use as reflected from the sales used in this report, all having some recreation influences due to their location.

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File No # Lake Cascade Airpark

Appraiser Certification

I certify that, to the best of my knowledge and belief:

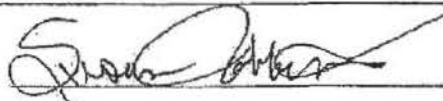
1. the statements of fact contained in this report are true and correct.
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analysis, opinions, and conclusions.
3. I have ☒ no ☐ the specified present or prospective interest in the property that is the subject of this report and I have ☒ no ☐ the specified personal interest with respect to the parties involved.
4. I have performed ☐ no ☐ the specified services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. my engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. I ☒ have ☐ have not made a personal inspection of the property that is the subject of this report.
10. ☒ no one ☐ the specified persons provided significant real property appraisal assistance to the person signing this certification.
11. This appraisal has been prepared for the sole and specific needs of Northwest Farm Credit Services. To the extent any third party relies upon or uses this appraisal, Farm Credit Services and the person making this appraisal hereby disclaim any liability for the contents herein and for any changes that may have occurred since the date of the appraisal.
12. The appraiser performed an appraisal report on this property in 2008 and 2010.

Effective Date of Appraisal: 05/29/12

Opinion of Value: \$ 1,335,000

Appraiser:

Signature:



Property Inspection:

☒ Yes ☐ No

Inspection Date:

05/29/12

Name:

Susan Robbins, ARA

License #:

Certification #: ICGA #196 - OCGA #603

Appraiser has ☒ inspected ☒ verified ☒ analyzed the sales contained herein.

Date Signed: 05/30/12

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File No. # Lake Cascade Airpark

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File No. # Lake Cascade Airpark

Legal Description

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE $\frac{1}{4}$ NE $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$; N $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$; N $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$; and NW $\frac{1}{4}$ NE $\frac{1}{4}$;

AND

That portion of the following described land lying within the S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$:

Being a strip of land 100.00 feet wide situate in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of Judgments at page 105 in Boise County Records.

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

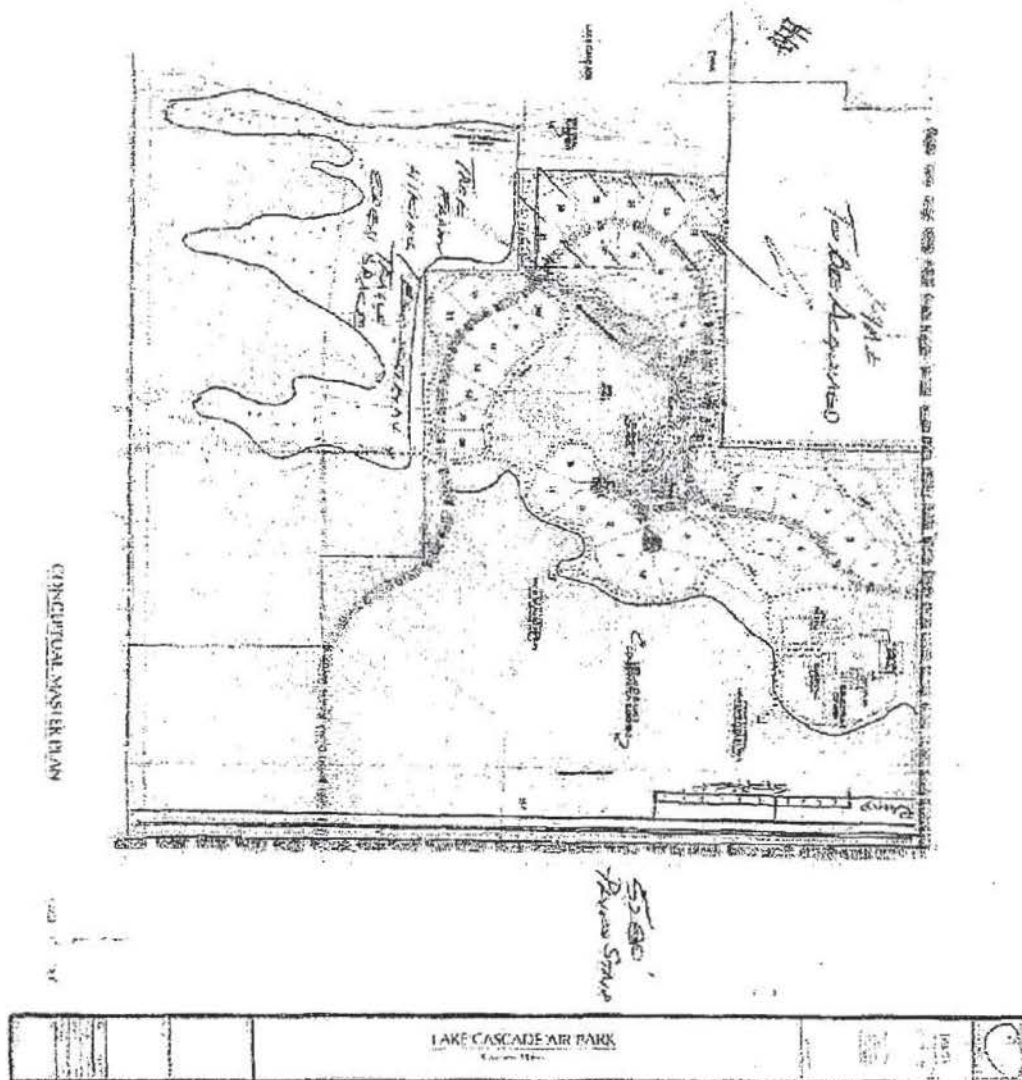
Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South $\frac{1}{4}$ corner thereof; thence northerly along a tangent to a point in the North line of said South $\frac{1}{2}$ 48 feet West from the center of said Section 10.

Excepting therefrom any portion of the above-described strip of land lying within the S $\frac{1}{2}$ of the S $\frac{1}{2}$ of said Section 10.

Parcel 2:

Beginning at the center of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho; Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; Thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING.

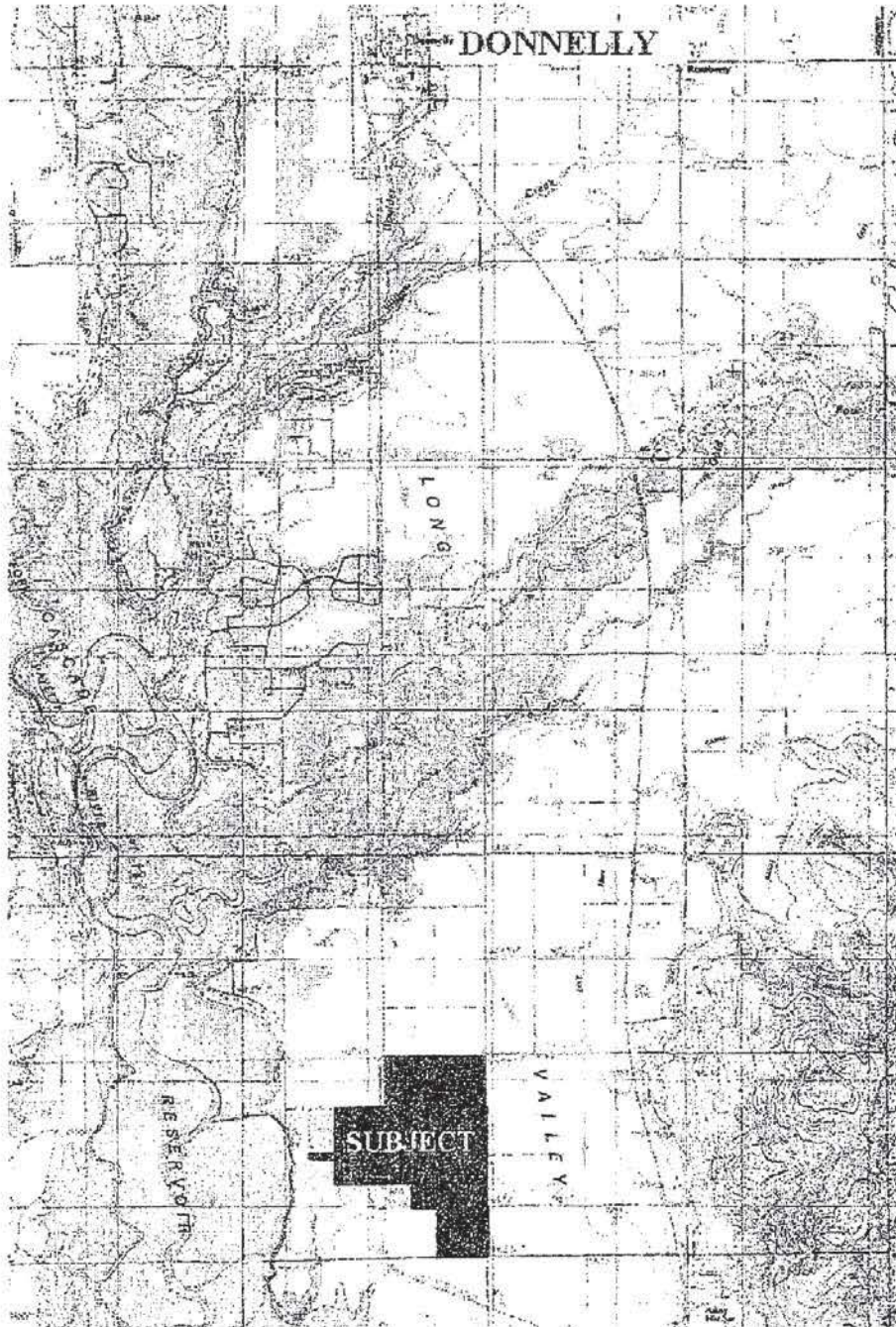
Subject Development Plans



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File No. # Lake Cascade Airpark

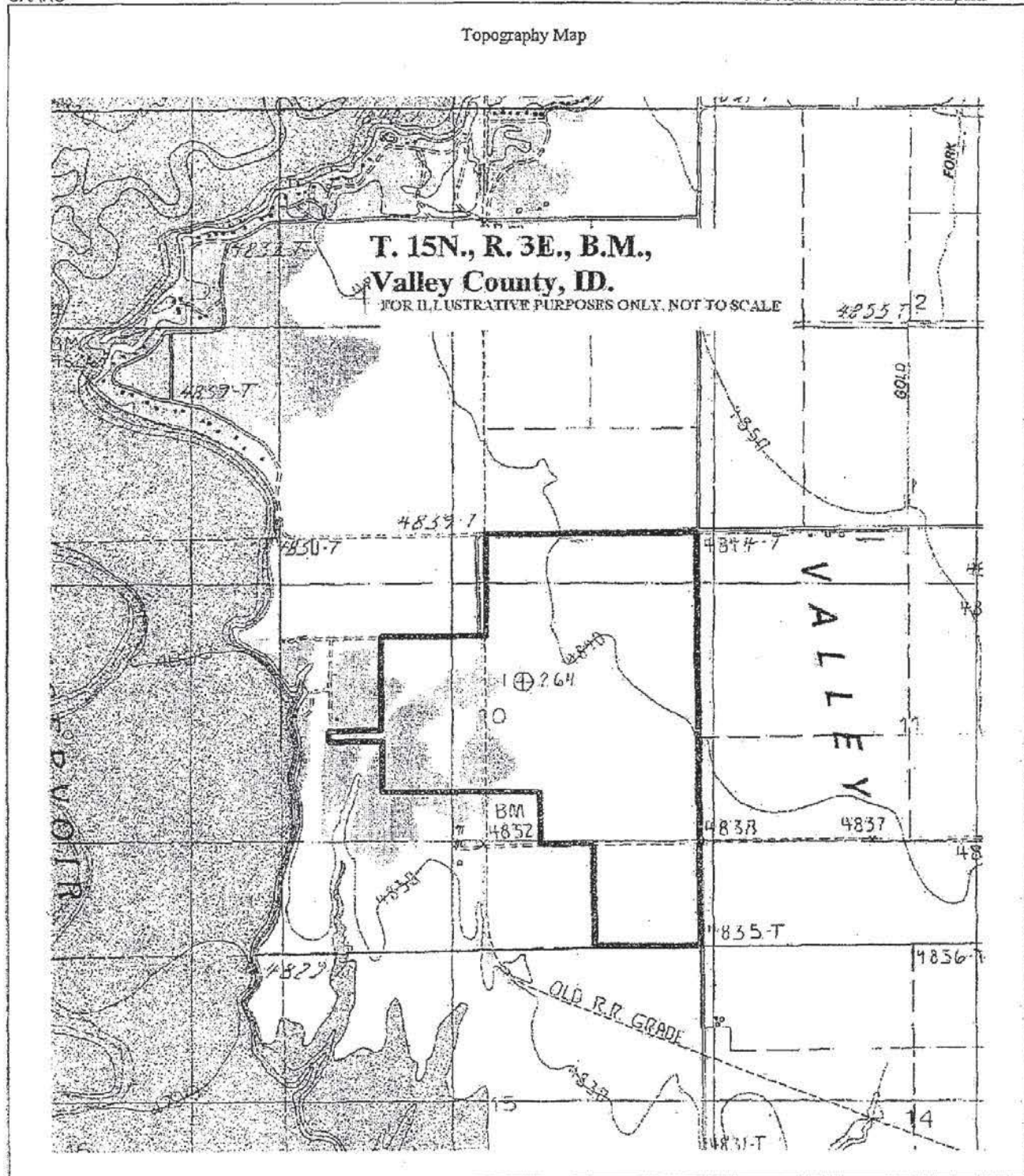
Location Map



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File No. # Lake Cascade Airpark

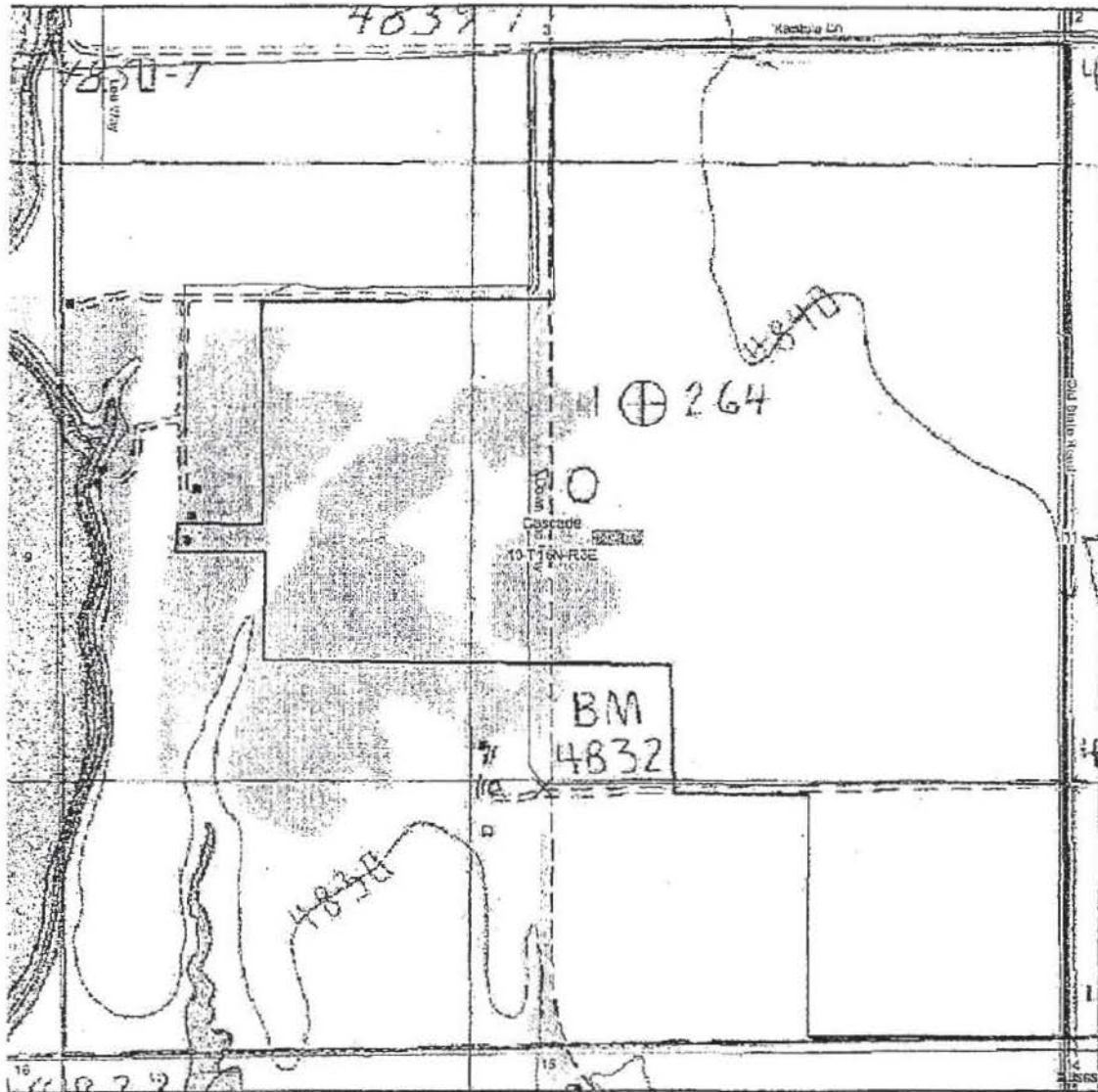
Topography Map



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File No. # Lake Cascade Airpark

Topography Map



map center: 44° 36' 3.35, 119° 4' 43.2
 scale: 1:3702

10-15N-3E
 Valley County
 Idaho



4/9/2008

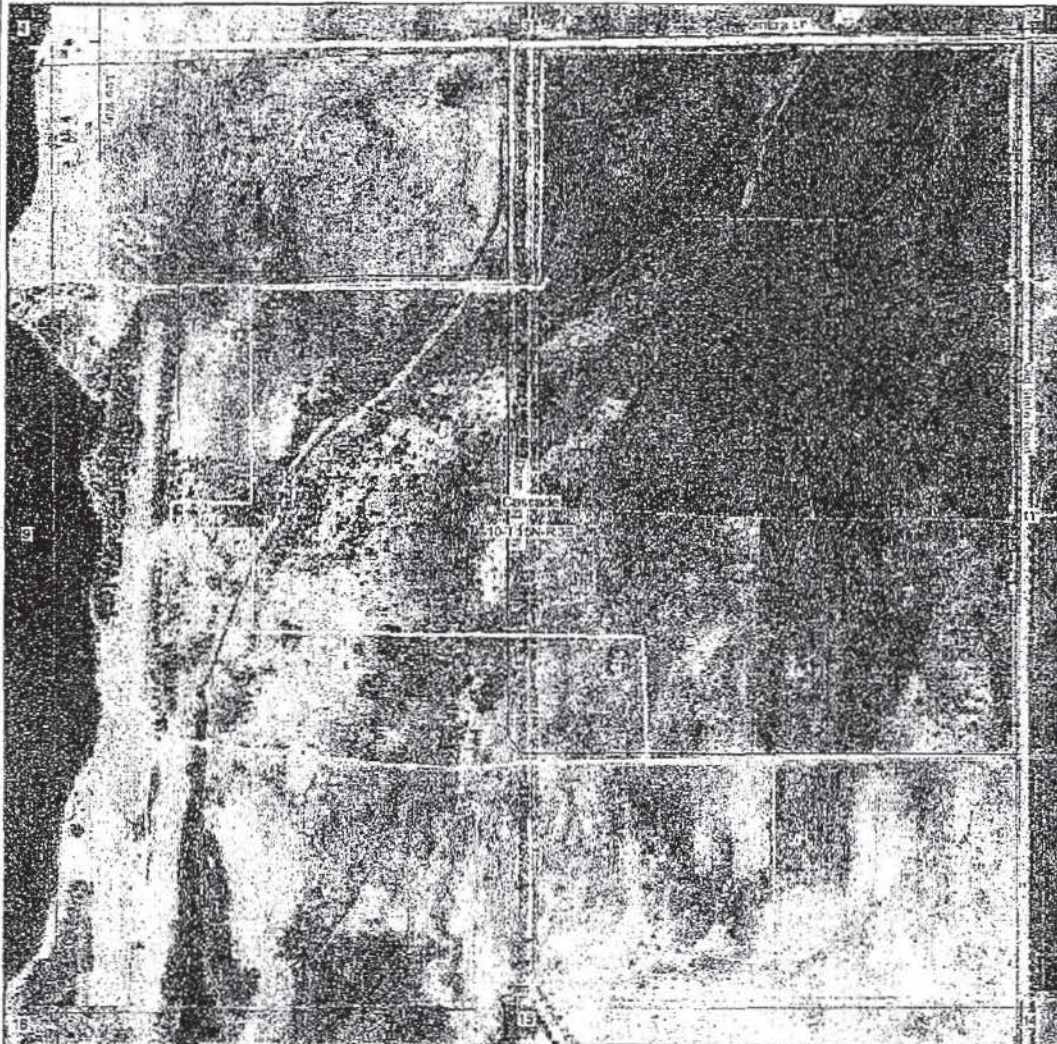
Map Provided by:
surety
 ©Ag-Data, Inc. 2006

UAAR®

File No. # Lake Cascade Airpark

Aerial Photo

Aerial Map

map center: 44° 39' 3.35", 115° 4' 43.2"
scale: 1:670010-15N-3E
Valley County
IdahoMap Provided by
surety
a geodata, inc. 2206

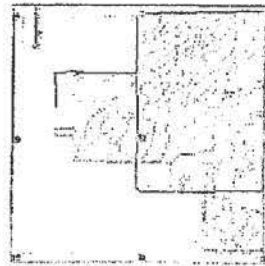
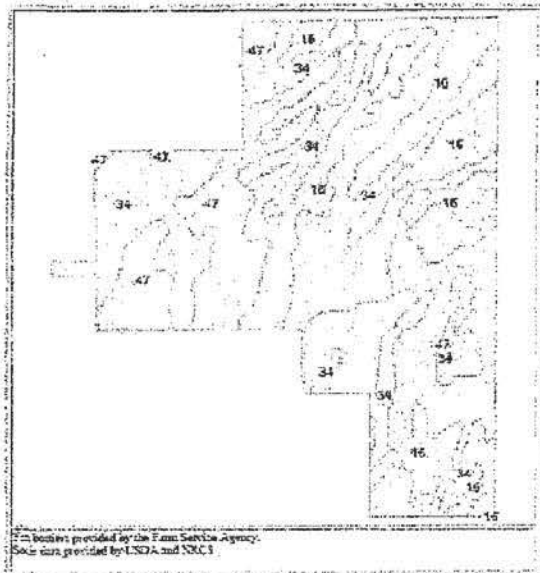
4/9/2008

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File No. # Lake Cascade Airport

Soils Map

Soils Map



State: ID
 County: Valley
 Location: 10-15N-3E
 Township: Casrade
 Acres: 342.0



surety

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Code	Soil Description	Acres	Percent of field	Net-Net Class	Gr Class	Grass hay	Irrig pastures	Outs	Pasture
34	Melton loam	151.4	41.3%	Vw		0	0	0	0
47	Roseberry coarse sandy loam	116.4	34.0%	IVw	IVw	1	0	0	3
16	Donnel sandy loam, 0 to 2 percent slopes	84.2	24.6%	IVs	IVs	2	0	0	6
Weighted Average						1	0	0	2

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File No. # Lake Cascade Airpark

IDAHO DEPARTMENT OF WATER RESOURCES

Water Permit Report

WATER RIGHT NO. 65-23059

1

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	LAKE CASCADE AIRPARK LLC 5358 E SOFTWOOD CT BOISE, ID 83706 (208)830-6644

Representative	SPF WATER ENGINEERING LLC C/O SCOTT KING 600 E RIVER PARK LN STE 105 BOISE, ID 83706 (208)383-4140
----------------	--

Priority Date: 04/17/2006
Status: Active

<u>Source</u>	<u>Tributary</u>
GROUND WATER	

<u>Beneficial Use</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
DOMESTIC	01/01	12/31	1.12 CFS	
FIRE PROTECTION	01/01	12/31	3.34 CFS	
Total Diversion			4.46 CFS	
Location of Point(s) of Diversion:				

GROUND WATER NESW Sec. 10 Township 15N Range 03E VALLEY County
GROUND WATER NESW Sec. 10 Township 15N Range 03E VALLEY County
GROUND WATER NESW Sec. 10 Township 15N Range 03E VALLEY County
DOMESTIC Use:
Number of homes: 600
Place(s) of use:
Place of Use Legal Description: DOMESTIC VALLEY County

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File No. # Lake Cascade Airpark

Water Right 65-23059 (continued)

<u>Township</u>	<u>Range</u>	<u>Section</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>	<u>Lot</u>	<u>Tract</u>	<u>Acres</u>
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			10	SESE										
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Water Right 65-23059 (continued)

- Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the
8. 26A Director of the Department of Water Resources that delays were due to circumstances over which the permit holder had no control.

9. 004 This right does not grant any right-of-way or easement across the land of another.

Dates:

Proof Due Date: 02/01/2012

Proof Made Date:

Approved Date: 02/13/2007

Moratorium Expiration Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Application Received Date: 04/17/2006

Protest Deadline Date: 09/25/2006

Number of Protests: 0

Field Exam Date::

Date Sent to State Off:

Date Received at State Off:

Other Information:

State or Federal:

Owner Name Connector:

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

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File No. # Lake Cascade Airpark

Water Right #65-23425

Water Right Report

Page 1 of 3

36638

IDAHO DEPARTMENT OF WATER RESOURCES
Water Application Report

10/28/2010

WATER RIGHT NO. 65-23425

Owner Type	Name and Address
Current Owner	LAKE CASCADE AIRPARK LLC 1912 N 17TH BOISE, ID 83702 (208)830-6644
Representative	SPF WATER ENGINEERING LLC C/O LORI GRAVES 300 E MALLARD DR STE 350 BOISE, ID 83706 (208)383-4140

Priority Date: 06/21/2010

Status: Active

Source	Tributary
UNNAMED DRAIN	NORTH FORK PAYETTE RIVER

Beneficial Use	From	To	Diversion Rate	Volume
IRRIGATION	04/15	10/31	1.52 CFS	
WILDLIFE	01/01	12/31	1.52 CFS	
WATER QUALITY IMPROVEMENT	01/01	12/31	1.52 CFS	
Total Diversion			1.52 CFS	

Location of Point(s) of Diversion:

UNNAMED DRAIN	NENE	Sec. 10	Township 15N	Range 03E	VALLEY County
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<http://www.idwr.idaho.gov/apps/ExtSearch/RightReportAJ.asp?BasinNumber=65&Sequ...> 10/28/2010

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File No. # Lake Cascade Airpark

Page 2

Water Rights Report

Page 2 of 3

UNNAMED DRAIN NWNE Sec. 10 Township 15N Range 03E VALLEY County

Place(s) of use:

Place of Use Legal Description: IRRIGATION VALLEY County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
15N	03E	9		SESE	1.5									
		10		SESW	19.5									
				NESW	19		NWSW	21		SWSW	15			

Place of Use Legal Description: WILDLIFE VALLEY County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
15N	03E	10		NENE			NWNE			SWNE			SENE	
				SESW			SESW							
				NENE			NWSE			SWSE			SESE	

Place of Use Legal Description: WATER QUALITY IMPROVEMENT VALLEY County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
15N	03E	10		NENE			NWNE			SWNE			SENE	
				SESW			SESW							
				NENE			NWSE			SWSE			SESE	

Total Acres: 76

Dates:

Date Application Received: 06/21/2010

Date Application Denied:

Last Date of Beneficial Use:

Extension End Date:

Protest Deadline Date:

Number of Protests: 0

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Other Information:

State or Federal:

Owner Name Connector:

<http://www.idwr.idaho.gov/apps/ExtSearch/RightReportAJ.asp?BasinNumber=65&Sequ...> 10/28/2010

UAAR®

File No. # Lake Cascade Airpark

Page 3

Water Right Report

Page 3 of 3

Water District Number:

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Application Type: New Appropriation

Applicant Remarks: The property consist of 510 acres. Center Irrigation District delivers 415 shares (inches) to the property. 65-12054 supplements 11 acres in NWSW, S10 and is primary source for additional 19 acres in SWSW, S10. 434 acres fully covered from existing surface rights. This app seeks to cover the additional 76 acres. Water quality improvement and wildlife uses are proposed only on lands owned by the applicant, not on lands owned by BOR. Year round water availability and proposed vegetation for these uses will benefit wildlife and allow for water quality improvement upstream from Cascade Reservoir.

Other Water Rights:

Time to Complete Works: 5

Transfer Affected Description:

Transfer Affected Contracts:

Old Transfer Number:

Transfer Reason:

Transfer Return Flows:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Cary Act Number:

Mitigation Plan: False

<http://www.idwr.idaho.gov/apps/ExtSearch/RightReportAJ.asp?BasinNumber=65&Sequ...> 10/28/2010

UAA@

File No. # Lake Cascade Airpark

Water Right #65-9787

Water Right Report

Page 1 of 2

[Close](#)

IDAHO DEPARTMENT OF WATER RESOURCES

Water Right Report

10/28/2010

WATER RIGHT NO. 65-9787

Owner Type	Name and Address
Current Owner	LAKE CASCADE AIRPARK LLC 1912 N 17TH BOISE, ID 83702 (208)830-6644
Original Owner	EDWIN GREEN
Original Owner	LUCILE GREEN PO BOX 56 DONNELLY, ID 83615

Priority Date: 06/01/1952

Basis: Decreed

Status: Active

Source	Tributary
GROUND WATER	

Beneficial Use	From	To	Diversion Rate	Volume
DOMESTIC	1/01	12/31	0.04 CFS	1.2 AFA
Total Diversion			0.04 CFS	

Location of Point(s) of Diversion:

GROUND WATER	NESW	Sec. 10	Township 15N	Range 03E	VALLEY County
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<http://www.idwr.idaho.gov/apps/ExtSearch/RightReportAJ.asp?BasinNumber=65&Sequ...> 10/28/2010

UAAR®

File No. # Lake Cascade Airpark

Page 2

Water Right Report

Page 2 of 2

Place(s) of use:

Place of Use Legal Description: DOMESTIC VALLEY County

Township	Range	Section	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres	Lot	Tract	Acres
15N	03E	10		NESW										

Conditions of Approval:

1.	N13	THE QUANTITY OF WATER UNDER THIS RIGHT SHALL NOT EXCEED 13,000 GALLONS PER DAY.
2.	N11	THE QUANTITY OF WATER DECREED FOR THIS WATER RIGHT IS NOT A DETERMINATION OF HISTORICAL BENEFICIAL USE.
3.		PARCEL NO. RP 15N03E100006 A

Dates:

Licensed Date:

Decreed Date: 10/23/1998

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Water Supply Bank Enrollment Date Accepted:

Water Supply Bank Enrollment Date Removed:

Application Received Date:

Protest Deadline Date:

Number of Protests: 0

Other Information:

State or Federal: S

Owner Name Connector:

Water District Number: 65

Generic Max Rate per Acre:

Generic Max Volume per Acre:

Civil Case Number:

Old Case Number:

Decree Plaintiff:

Decree Defendant:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

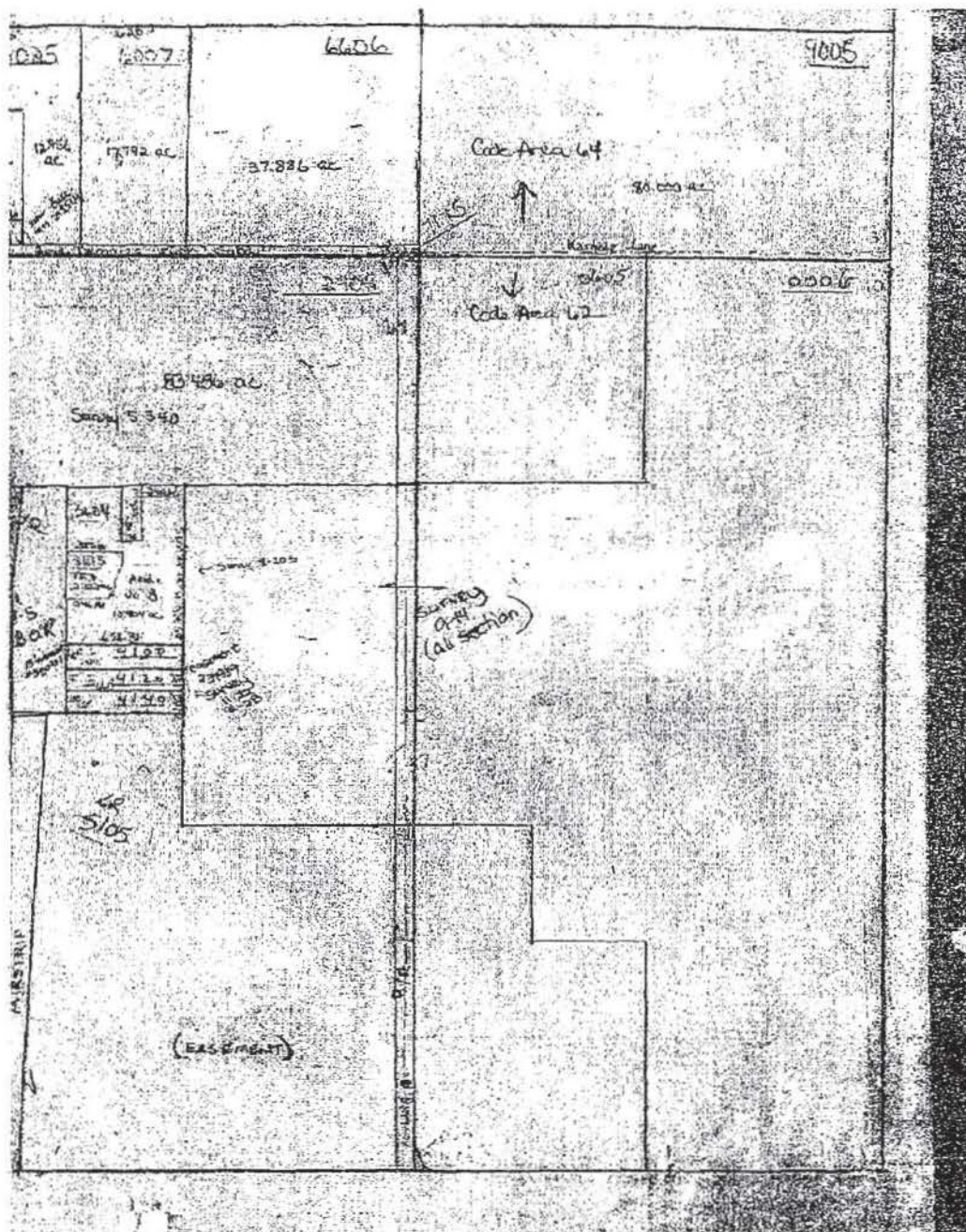
DLE Act Number:

Cary Act Number:

Mitigation Plan: False

[Close](#)<http://www.idwr.idaho.gov/apps/ExtSearch/RightReportAJ.asp?BasinNumber=65&Sequ...> 10/28/2010

County Plat



UAAR®

File No. # Lake Cascade Airpark

TIME TREND ANALYSIS WORKSHEET

☒ Annual Periods
☐ Monthly Periods

☒ Compound Calculation
☐ Straight Line Calculation

☒ Auto-Calculate Periods
☐ Manually Calculate Periods

Time Trend Analysis

	Current DB Rec. No.	Current CEV/Acre	Current Sale Date	Prior DB Rec. No.	Prior CEV/Acre	Prior Sale Date	Periods	Rate of Change
1.	1	2,875	09/09	3	3,250	02/04	5.59	-2.2
2.								
3.								
4.								
5.								
6.								
7.								
8.								
9.								
10.								
11.								
12.								
13.								
14.								
15.								
16.								
17.								
18.								
19.								
20.								

Conclusion -2.1

Comments Sale #1 and #3 are the same sale with a -2.1% adjustment found in this analysis.

EXHIBIT D

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

CASE NO: CV-2012-33-C

PARTIAL FINDINGS AND CONCLUSIONS

NORTHWEST FARM CREDIT)
SERVICES, FLCA, A FEDERALLY)
CHARTERED INSTRUMENTALITY)
OF THE UNITED STATES OF)
AMERICA.)

PLAINTIFF,)

V.)

LAKE CASCADE AIRPARK, LLC, AN)
IDAHO LIMITED LIABILITY)
COMPANY; DONALD MILLER AND)
CANDACE W. MILLER, HUSBAND)
AND WIFE; DAVID A. BUICH AND)
KAREN L. BUICH, HUSBAND AND)
WIFE,)

DEFENDANTS.)

*Filed in chambers
9/26/2012
5:55 P.M.
Amy A. Carey
Sr. Dist Judge*

This is an action brought by Plaintiff Northwest Farm Credit Services against Defendants Lake Cascade Airpark, Donald and Candace Miller, and David and Karen Buich, for foreclosure of a mortgage and for a deficiency judgment. The presiding judge, Judge Neville, previously entered partial summary judgment declaring the underlying debts to be in default and permitting a foreclosure sale. The case was scheduled for court trial on two issues: the amount of debt due and unpaid; and the reasonable or fair market value of the security for the debt. Due to a scheduling conflict for Judge Neville, the trial was assigned to me. Judge Neville remains the

FINDINGS OF FACT AND CONCLUSIONS OF LAW - NORTHWEST 1

presiding judge for all other purposes.

Prior to trial the attorney for Mr. and Mrs. Buich advised the court that a default may be entered against them and that they would be bound by the court's findings.

The disputed issues were tried to the court on September 25, 2012.

PARTIAL FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This memorandum constitutes the court's findings of fact and conclusions of law on certain issues.
2. The Idaho Supreme Court has stated the purpose and nature of findings of fact and conclusions of law required by IRCP Rule 52(a) in the following language:

In considering the detail which the findings and conclusions should contain, it is helpful to review decisions of Federal Courts relative to Rule 52(a) of the Federal Rules of Civil Procedure, 28 U.S.C.A. which is almost identical to Rule 52(a) I.R.C.P. In the Committee Note of 1946 to Subdivision (a) it is stated that "These findings should represent the judge's own determination and not the long, often argumentative statements of successful counsel; *** the judge need only make brief, definite, pertinent findings and conclusions upon contested matters; there is no necessity for over-elaboration of detail or particularization of facts." Findings should not be discursive; they should not state the evidence or any of the reasoning upon the evidence.

"A scientific distinction between fact and law is not workable. Nor would such a distinction serve the purpose behind Rule 52, which is to aid the trial court in making a correct appraisal of the evidence and the law to the end that a sound decision is made, to show what has been adjudicated for future purposes for res judicata and estoppel by judgment, and to aid the appellate court where an appeal is taken."

Angleton v. Angleton, 84 Idaho 184, 191, 370 P.2d 788 (1962). Other courts have held that a trial court shall make findings only on those essential facts that lay a basis for its decision. *White Industries, Inc., v. Cessna Aircraft Co.*, 845 F.2d 1497 (8th Cir. 1988), cert. den. 488 U.S. 856; *In re Imperial Irr. Dist.*, 38 F.Supp. 770 (S.D. Cal. 1941). "What Rule 52(a) does not require is a particularized finding on each piece of evidence presented by the parties." *White Industries, Inc., v. Cessna Aircraft Co.*, at 1499.

3. The findings of fact will not include matters that have not been established by the weight of the credible evidence. In keeping with the spirit of Rule 52(a), the court's findings will not restate every item of documentary evidence or every item of testimony. The findings will not contain a recitation of conflicts in the evidence or the court's reasoning in resolving each of the conflicts. The findings will consist only of a recitation of those material facts that have been established by credible and competent evidence to be more probably true than not true and that bear on the issues that legally may be addressed.

4. The defendants entered into two loan transactions with the plaintiff on May 27, 2008:

- a. A Note and Loan Agreement in the principal amount of \$2,450,000.00;
- b. An Ag Equity Line of Credit Note and Loan Agreement in the principal amount of \$500,000.00.

5. When The Defendants failed to make required payments, Northwest declared a default and accelerated the payments. The defendants have not cured

the default.

6. The parties agree that as of September 24, 2012, the following amounts are owed by the defendants, not including costs and attorney fees:

Note and Loan Agreement	\$2,951,340.65
Line of Credit Agreement	\$ 580,936.39

7. Interest continues to accrue on the Note and Loan Agreement at a daily rate of \$737.768 and on the Line of Credit Agreement at a daily rate of \$121.891.

8. The loans were secured by mortgages on real property now subject to foreclosure proceedings. The property is a single parcel of 333.63 acres located in Valley County, Idaho near Cascade Reservoir and owned by Defendant Lake Cascade Airpark. A legal description of the property is attached to these findings.

9. The property is unforested and unimproved but fenced pasturage with a significant wetland component. It is immediately adjacent to a 200 acre tract over which Defendant Airpark holds a perpetual use easement. There is an inactive airfield on the 200 acre tract. When Airpark purchased the mortgaged property around 2008 it intended to re-open the airfield, develop a vacation community for aircraft owners on part of its property, and modify the wetland so that it could qualify as an accredited wetland area with salable wetland mitigation credits. It is undisputed that part of the property has future potential as a source of wetland mitigation. Although some preliminary work had been done on the various projects envisioned by Airpark, no earth has been turned and nothing has been completed.

10. As noted above Judge Neville previously entered partial summary

judgment declaring the underlying debts to be in default and permitting a foreclosure sale of the mortgaged property. The sale, however, has not yet taken place.

Nevertheless the parties wish to have the reasonable or fair market value of the mortgaged property established prior to the sale, so that the amount of a deficiency, if any, readily may be established.

11. Under Idaho law the amount of a deficiency judgment ordinarily is limited to the difference between the amount of the indebtedness, plus certain costs and the reasonable, or fair market value, of the encumbered property. If, however, the amount expended by the buyer at the foreclosure sale is greater than the fair market value, then the amount of the deficiency is limited to the difference between the amount of the indebtedness, plus the costs of foreclosure and sale, and the amount for which the property actually was sold at foreclosure. I.C. Section 6-108; see, *Thompson v. Kirsch*, 106 Idaho 177, 677 P.2d 490 (Ct. App. 1984). The date for determining fair market value is the date "when the trial court in a foreclosure case determines whether a deficiency judgment should be entered...." *Isaac v. Idaho First National Bank*, 119 Idaho 907, 910, 811 P.2d 832 (1991). Since that date has not yet been established, the court will use the date of trial, September 25, 2012, as the date of valuation. If there is a significant change in market conditions between September 25th and the date of establishing a deficiency, the parties may ask to present evidence of any changed conditions that may affect value.

11. An experienced appraiser employed by Northwest testified that she used the comparable sales method of valuation to establish a value of the tract both in

2008 and in May of 2012.

12. In 2008 she appraised the property at \$5,140,000.00 or about \$15,400.00 per acre. At the time of the 2008 appraisal, the Tamarack ski resort development had just failed. Nevertheless there still was a strong and active market in Valley County for substantial tracts of land with development potential for vacation retreats. Potential buyers typically were developers, speculators, and non-local people with an interest in obtaining recreational property. In making her 2008 appraisal, the appraiser necessarily used comparable sales that had closed prior to the Tamarack failure.

13. In 2012 the market for large tracts had disappeared. The failure of Tamarack and the recession had crushed the real estate market in Valley County. Developers, speculators, and vacation buyers no longer were actively pursuing purchases. The only potential buyers were local ranchers and farmers who were interested in adding to their agricultural holdings at bargain prices. There were a substantial number of tracts, both large and small, that had gone into foreclosure and had come into the possession of lending institutions.

14. The appraiser testified that it was difficult to find reasonably comparable sales, both because of the lack of a market and because so many properties were being marketed by lending institutions under distress conditions. In fact she considered the comparables to be "poor." Nevertheless she was able to identify some fairly comparable sales at adjusted prices varying between \$2,717.00 per acre and \$7,568.00 per acre. In her opinion the property's former recreational

and developmental potential had disappeared by 2012; its current highest and best use was agricultural. She concluded that the value as of May 2012 was \$4,000.00 per acre or \$1,334,520.00, rounded up to \$1,335,000.00.

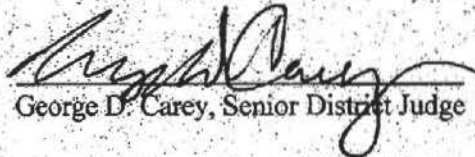
15. She re-evaluated the property just prior to trial but found no change in conditions that would alter her opinion.

16. Mr. Miller, as one of the principals in Lake Cascade Airpark and as a person with experience in real estate development, testified that the property was worth well in excess of \$4,000,000.00. He criticized the plaintiff's appraiser for not taking into account the future potential for recreational airpark development and wetland credits, as well as for failing to look for comparables outside Valley County.

17. After considering all the evidence, the court concludes that the valuation given by Northwest's appraiser is more credible than the one given by Mr. Miller. Mr. Miller's opinion has a large component of wishful thinking about what might have been if the market had not taken a disastrous turn for the worse. Northwest's appraisal appears to be much more in touch with the reality of the marketplace, although a bit on the low side. In the court's opinion the evidence supports a finding that the property in its current condition and in the current market has a reasonable or fair market value of \$4,500.00 per acre or \$1,501,335.00, rounded to \$1,501,500.00, as of September 25, 2012.

18. Since the court will be entering a partial judgment on only two aspects of the case, it will not take up the issue of costs and attorney fees at this time.

DATED September 26, 2012


George D. Carey, Senior District Judge

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE1/4NE1/4; S1/2NE1/4; NE1/4SE1/4; N1/2NW1/4SE1/4; SE1/4NW1/4SE1/4; SE1/4SE1/4;
N1/2NE1/4SW1/4; SE1/4NW1/4; AND NW1/4NE1/4;

AND

That portion of the following described land lying within the S1/2NE1/4SW1/4;

Being a strip of land 100.00 feet wide shown in the NE1/4SW1/4 of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (Predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of Judgments at page 105 in Boise County Records

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the E1/2 of the SW1/4 of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South 1/4 corner thereof; thence northerly along a tangent to a point in the North line of said South 1/2 48 feet West from the center of said Section 10.

Excepting therefrom any portion of the above-described strip of land lying within the E1/2 of the S1/2 of said Section 10.

Parcel 2:

Beginning at the center of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho; Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING;

EXHIBIT E

**NORTH LAKE RECREATIONAL SEWER & WATER DISTRICT**

P.O. Box 729 • Donnelly, Idaho 83615
Phone: (208) 325-8958 • Fax: (208) 325-5017

November 8, 2012

Lake Cascade Airpark LLC
1912 N. 17th Street
Boise, ID 83702

Attention: Mr. Don Miller

To Whom It May Concern:

The 550 acre parcel of land owned and controlled by Lake Cascade Airpark, LLC situated south of Kantola Road and west of the Old State Highway in Valley County, State of Idaho is annexed into the North Lake Sewer & Water Recreational Sewer & Water District (the District).

Upon execution of the District's Conditions of Annexation and payment of the connection fees for sewer and water service the District will provide sewer treatment capacity for the total number of paid connections and finalize the annexation of the 550 acre parcel owned by Lake Cascade Airpark, LLC.

Respectfully,

Bill Eddy
District Manager
North Lake Recreational
Sewer & Water District

EXHIBIT F

**Preliminary Feasibility Study Summary of Findings
for the
Lake Cascade Airpark Property**

Name of Client:

Lake Cascade Airpark LLC, dba Lake Cascade Environmental Bank

Prepared for:

Don Miller and Dave Buich, member managers

Prepared By:

Kevin F. Noon PhD
Critical Habitats, Inc.
4486 South Wolff Street
Denver Colorado 80236
303 679 8262

July 2, 2007

Summary

The results of our initial feasibility analysis suggest that there are no "red flag" issues or conflicts that will prevent us from creating a successful wetland mitigation bank. The following suggest that a wetland mitigation bank will be successful:

- The federal banking statutes are in place, there are no local or state wetland protection statutes that conflict with the U.S. Army Corps of Engineers (Corps) wetland banking process, and the local and state agencies support the Corps' use of mitigation banks. The Corps mitigation banking representative claimed that a mitigation bank in the Payette watershed would be appropriate.
- Data from the Corps suggest that the potential credit demand for our proposed service area (the Payette watershed) is approximately 10 to 12 credit acres per year.
- We feel that the demand is adequate, and we can propose a bank with credit sale prices that would be profitable and competitive.
- The property has the conditions that are optimal for restoring or creating wetlands of high functional value that results in a potential credit value of 161 credits.
- There is no apparent opposition to the creation of a mitigation bank from the public, special interest groups, land trusts, or Native Americans.

Ecological Feasibility

Ecological feasibility refers to the magnitude of conditions and opportunities that are present 1. Within the context of the watershed and 2. Site specific potential to restore wetlands that will maximize the amount of physical and biological functionality enough to warrant acceptance, certification, and promotion of the bank project by the regulatory agencies or the Interagency Review Team (IRT). Our confidence that we can satisfy watershed planning objectives, and work with the physical and biological conditions that will allow us to create an acceptable, certifiable, and promotable wetland restoration plan are very high.

Site Design

According to the IRT team leader, the Corps has certified one non-commercial bank in the pan handle. The bank proponents went through numerous design iterations, and took a long time, before finally gaining certification of the pan handle bank. This suggests that it is important to establish credibility quickly with the bank team by creating and presenting the best bank possible. Our philosophy is to avoid any uncertainty in the IRT by quickly establishing credibility through exceptional site design; to propose the best quality credit creation project in order to gain quick certification and ensure long-term stability of bank credit value.

Specifically, the speed of the bank certification, and acquisition of the highest credit value possible, will depend on functional lift based on two primary actions: 1. manipulating the hydrology of the site to create functional lift across as many functions as possible and 2. showing a significant contribution to achieving objectives of the watershed management plans.

Watershed Planning Context

Creating the bank to satisfy objectives of the local watershed management plans has become a primary focus of all regulatory agency bank teams. The latest federal mandate describing guidance for creating compensatory mitigation (including banks) is the Department of the Army, Corps of Engineers publication titled: *Compensatory Mitigation for Losses of Aquatic Resources* (33 CFR Parts 325 and 332 and 40 CFR Part 230). The proposed guidance emphasizes “a watershed approach to improve the quality and success of compensatory mitigation projects in replacing losses of aquatic resource functions, services, and values resulting from activities authorized by Department of the Army permits.” The guidance also requests that the selection of the bank site should reflect achievement of the watershed goals.

We have collected some available watershed plans that we consider crucial to our bank effort. The plans emphasize water quality and fisheries habitat improvement as their primary objectives. We can help address many of the watershed planning objectives and we can justify the selection of the property for a bank site because we can create conditions that will greatly improve water quality and fish habitat for the lake. The Cascade Reservoir Watershed Management Plan and the Water Quality Status Report for the Gold Fork River (which flows into the lake just north of the site), for example, list the following pollutants of concern: sediment, phosphorus, fecal coliform, ammonia, sediment, high temperatures, flow alteration, habitat alteration, dissolved oxygen, and pH. According to the Idaho Fisheries Management Plan 2007-2012, a primary management directive of Cascade Lake management has been to improve the salmonid fish habitat (including temperature) in the lake. Cascade Lake is in the proposed critical habitat area for bull trout, a species listed as threatened under the ESA.

Functional Lift

Functional lift is the positive net change in the physical and biological conditions that have human value and are identified as desirable in the watershed plans. For example, removing the farming practices that may have fertilized or grazed the property, and diverting irrigation runoff through emergent zones, would result in a functional lift to the water quality. Adding fish structures, excavating low flow channels, and adding edge plantings to the nearshore area would improve the fisheries function (spawning and rearing opportunities and lower temperatures for trout, landlocked coho salmon, bass, crappie, tiger muskie, and perch). Optimizing the functional lift will require creative design in wetland enhancement and creation, as well as a creative presentation of how the proposed bank site changes will help the IRT members achieve their agency’s objectives and how the project will help fulfill watershed planning objectives. We will also investigate the opportunity to create endangered species habitat for increased credit sale or to increase the wetland credit value.

Regulatory Feasibility

At the federal level, the Corps has not yet certified a commercial wetland mitigation bank and they are open for suggestion and guidance on the certification process. There is opportunity to manipulate the physical and ecological conditions of the site and set standards that competing banks would have to meet in order to achieve certification. At the state and local levels there is no bank certification process. The Idaho DEQ administers standard 401 water quality

certification, and there are no surprises in their process. This appears to be the only state environmental permitting process of concern for us. The county defers to the federal permit for wetland protection. If a permit is issued it becomes a part of a Conditional Use Permit.

Stakeholder Feasibility

The bank certification processes has a public involvement procedure that is administered by the agents. Regulatory agents contact interested parties with a written public notice and invitation to comment on the proposed bank project. Stakeholders can be any persons, groups, tribes, or agencies that may be affected by the creation, approval, or use of the bank we propose. The agents hold their comments in high regard. Their comments can have significant influence (either positive or negative) on the fate of our bank.

During this initial investigation we were unable to find any person or groups opposed to the idea of creating wetland mitigation banks. The agricultural community may have a concern for the loss of agricultural land to wetland conditions because the county Land Use and Development Ordinance suggests that agricultural land should be preserved. However, this property is not classified as prime farmland and we have not uncovered problems with the conversion of farmland to development. We have not yet uncovered Native American nation interests in the fish populations, however, the project should benefit anyone interested in improved fish habitat.

Economic Feasibility

Service Area

Estimating the size and boundary of the service area is one of the most crucial aspects of the feasibility study because the service area is our credit market. The Federal Guidance for the Establishment, Use and Operation of Mitigation Banks (Federal Register 1995), defines the service area as a geographic area wherein a bank can reasonably be expected to provide compensation for impacts to wetlands elsewhere. The description in the guidance is intentionally vague which allows agents the flexibility necessary to define a service area for each bank that best suits the agency's objectives.

A bank sponsor defines the service area as a market area surrounding a specific bank location within which credits can be bought or sold. The larger the service area the greater the potential market for credit sales. If the service area is too small, there may not be enough credit demand to make the bank succeed economically.

The federal guidance states that the service area must be determined using hydrologic and biotic criteria. In essence, the agents define the service area according to the continuity of the surrounding biological or physiological characteristics of the landscape. The agencies define the service area as the furthest extent within which lost biological or physiological functions can be replaced. It further states that the geographic extent of a service area should be guided by the watersheds defined by the Hydrologic Unit map of the United States as defined by the USGS or by the appropriate ecoregions. If the Corps accepts the ecological benefits and opportunities of the proposed bank project, then the project must be economically feasible: It must have a service

area large enough to command the number of customers necessary to pay for the ecological improvements.

Initially, the size and boundary of the service area is an estimate for feasibility purposes that is based on our interpretation of what the area should be and on preliminary approval from regulatory agents. Later, the process for justifying the service area is refined with written substantiation in the prospectus (bank certification application). The official approval of the service area will not happen until we are through the certification process.

Conversations with the IRT team leader (of the mitigation banking Interagency Review Team that certifies the bank) suggest that we may be able to use the Middle Snake River watershed (which is huge and covers just about all potential growth areas in southwestern Idaho). However, based on our experience this seems extraordinary, we are assuming a more conservative service area: the Payette watershed. Based on our review of the National Wetlands Inventory data base, there is over 300,000 acres in the Middle Snake River watershed, over 220,000 acres in the Payette watershed, and over 60,000 in the upper Payette watershed, most of which are in the flatland river valleys which happen to be where most of the privately owned lands are located. (This data base is notorious for missing from 30 to 50 percent of the actual wetlands that exist in an area, so this estimate is likely conservative.) These wetlands have the highest chance of being impacted and requiring mitigation or bank credits for compensation. In addition, there is approximately 150,000 acres of farmland in the service area. Farmland is often drained or altered wetland, and if developed, will also need compensatory credit from the bank.

Credit Demand

The service area could encompass the large areas of the developable flatlands in Valley, Boise, Gem, Washington, and Payette Counties which will experience significant growth over the next 20 years. According to a study published by the Valley County Economic Development agency (and aside from Kootenai, Teton, Canyon, and Blaine) these counties will be the fastest growing over the next 20 years ranging from 5% to 10% per year. In addition, the portion of the service area including the Cascade Lake and Long Valley area of the Payette are located in the western half of Idaho's Golden Triangle (from McCall to Boise, to Sun Valley) and the bank could provide credits to development in this area.

According to the U.S. Army Corps of Engineers project manager for the region around the site, there is a demand of 10 to 12 acres (credits) of wetland compensation per year in the Payette watershed (based on his experience processing of 404 wetland permits). If we capture all of the demand in credit sales, the sell out projection for a 100-acre bank is 8 to 12 years. If we capture half of the demand the sell-out date could be 20 years with a 5-credit-per-year pace of credit sales. He also commented that he believes the IDOT will be looking for over 100 credits in this region over the next 10 years to satisfy road improvement project needs.

At this time the Corps district regulatory branch is allowing land developers to remove grazing from wetlands and call it enhancement for 2:1 credit trade or 1/2 of the wetlands can count towards compensation. Land developers usually have enough wetland to self mitigate. However, if the bank is an ecologically superior alternative to the enhancement, then, the permittees should be directed to use the bank. Although this is specified in regulatory guidance,

we will have to take a proactive approach to making sure this is implemented. This also needs to be spelled out in the MBI.

Credit Market Share

According to the IRT team leader, there is one certified bank in Idaho, up in the pan handle, which does not affect our effort. There are only two banks in the certification process and they are both in the Boise area. Our review of their submittal documents shows that one bank is asking for use of the Payette watershed as part of their service area. However, the IRT team leader made comments to suggest that the bank proponents were moving very slowly in their pursuit of certification and she has no idea what they are doing. That suggests that our approach to establish credibility with the highest quality proposal will be a refreshing change for the bank team and we could get certified before the other banks in the region. The Lake Cascade Airpark property bank is located in the upper portion of the upper fork watershed and above the other proposed bank site. The functions provided by the bank site higher up in the watershed should receive preference over the one lower down. Once certified, we employ an aggressive credit marketing and sales program to help out compete other certified banks.

Credit Value

We need to carefully design the wetland restoration to maximize the functional lift on all functions on the site (as described above) because the sum total of functional lift is one primary component used to determine the number of credits to award the bank (also called credit value). Based on our review of the soil and hydrologic conditions of the site, there is significant opportunity to improve functions. The other component is the classification of the existing conditions. The acreage within the bank site classifications (i.e., Re-establishment, Rehabilitation, Enhancement, or Creation) that the IRT assigns to the areas makes a significant difference in how the credit values are determined, and that is a negotiation process backed by the best functional lift design we can provide. The ratios can vary from those described below depending on how the IRT appreciates the overall physical and ecological value of the bank.

Our assumption is that we have 320 acres to work with. Re-established or Rehabilitated acres typically receive a 1:1 ratio meaning one acre equals one credit. Enhanced acres usually receive one credit for every two acres or a 1:2 ratio. Created wetlands receive one credit every three or four acres. A conservative estimate, based on our ability to negotiate and the description of what is possible on this site, our understanding of what functional lift we can achieve, and on achieving regional Payette River watershed planning goals, we feel that the following is a conservative breakdown of what to expect for credit value.

100 acres of existing wetland in the bank area could be enhanced.

This would give us 50 credits.

57 acres of existing wetland in the bank area could be rehabilitated.

This would give us 57 credits.

163 acres of uplands would have to become created wetlands.

This would give us 54 credits.

Total for the bank could be 161 credits (working with a total of 320 acres)

One issue that needs to be resolved is the status of the lands under agricultural easement. There is approximately 105 acres under easement (60 existing wetland acres under easement and 45 upland acres under easement). If the easement prohibits the manipulation of the hydrology or land surface then those acres will have to be taken out of the credit calculation equation (recalculated to eliminate the areas under easement would give us 89 credits). This also applies to any other easement restrictions on the site. For example, is the old RR bed still under easement and if so what are the restrictions?

Credit Sale Price

Credit sale price is determined in the market place. Typically, the sale price will be what the customer is willing to pay to not have to create their own compensatory mitigation. We suspect that in this region the available land to restore as wetland is also appropriate for development, is in short supply, and is expensive. Purchase of credits frees the purchaser from the regulatory responsibility and time necessary to create their own compensation, immediately after they purchase the credits. We estimate that the average cost to create an acre of restored or created wetland for this site (earth moving and planting) will be from \$30,000 to \$40,000 per credit acre. We can refine this cost once we know more about construction costs and what the average acre purchase price is for land that is appropriate for creating wetland credits. For example, based on the soils and hydrology information we are guessing that you may need cut material to elevate housing areas, which if wrapped into the housing project may reduce credit production costs.

We typically find that customers are willing to pay three times or more per credit acre. Assuming a cost of \$30,000 to \$40,000 per credit acre (or from \$15,000 to \$20,000 per acre), the credit sale price could be from \$90,000 to \$120,000 per credit. The gross revenue for sale of 161 credits could be from \$14.5 to \$19.3 million. Keep in mind that we would have to sell at least 10 credits per year over the next 16 years.

These are some miscellaneous design and credit generation ideas that are worth considering. We can show how you can integrate the banked wetlands with the housing development which would increase the property values of those houses bordering the natural area (a similar in concept to integrating housing and fairways). We have had project experience with Pulte home developers that restored a wetland in a housing development. The houses surrounding the wetland sold for 30% higher value than the rest of the development. We could also design a portion of the bank that is fairly isolated to maximize waterfowl habitat. In the Puget Sound region we are creating hunting leases on a bank that will command at least \$40,000 per membership and \$10,000 per year dues. Hunting leases may be something to think about for the bank site. In addition to revenues from wetland banking, biodiversity banking, endangered species habitat banking, water quality, and carbon banking may have a place on this site. We have not investigated the specific opportunities of creating these types of banks, for this project, at this time.

Next-Step Recommendations

The following are the initial next steps that we recommend be completed as soon as possible. If we are involved with the bank creation we can complete, or oversee the completion of, the following:

- Design a ground water monitoring plan that will include assessing hydrologic conditions of the site and of wetland plant species reference sites. The plan will identify where the shallow monitoring wells should be located, frequency of water-level data collection, and analysis of the well data. The installation process is fairly inexpensive and we can oversee the installation.
- Block the surface flow in the ditches (with temporary plugs). Blocking the functionality of the ditches will significantly change the ground water elevations and consequently the types of plants that will grow on the site. Understanding the changes in the ground water elevations is essential to determining the hydrologic conditions that we will have to work with in designing the different types of wetlands (i.e., what plants will grow in what hydric conditions).
- Create a conceptual design with enough detail to be appropriate for a prospectus.
- Prepare a prospectus, and material for the pre-application meeting, and schedule the meeting immediately.

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Attorney for Northwest Farm Credit Services, FLCA

ARCHIE N. BANBURY, CLERK
 By Amerry Deputy

DEC 03 2012

Case No. _____ Inst. No. _____
 Filed 11:28 A.M. _____ P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,)
 a federally chartered instrumentality of the United)
 States of America,)

Plaintiff,)

vs.)

LAKE CASCADE AIRPARK, LLC, an Idaho limited)
 liability company; DONALD E. MILLER and)
 CANDACE W. MILLER, husband and wife; DAVID)
 A. BUICH and KAREN L. BUICH, husband and wife;)

Defendants.)

CASE NO. CV 2012-33C

**PLAINTIFF'S BRIEF
 OPPOSING DEFENDANTS
 LAKE CASCADE AIRPARK
 AND MILLER'S MOTIONS
 TO ALTER OR AMEND
 PARTIAL FINDINGS, OR
 MOTION FOR NEW TRIAL**

COMES NOW Northwest Farm Credit Services, FLCA, the Plaintiff in the above and
 forgoing matter ("NWFCFS"), and submits this Memorandum Opposing the Post-trial Motions of the
 Defendants Lake Cascade Airpark, LLC ("Lake Cascade Airpark"), Donald E. Miller and Candace
 W. Miller ("Miller").

STATEMENT OF THE CASE

On the 27th day of May, 2008, NWFCS loaned to Defendants Lake Cascade Airpark, Miller and David A. Buich and Karen L. Buich (“Buich”) the sum of \$2,450,000.00 [Trial Exhibit “A”] and to secure that loan the Defendant Lake Cascade Airpark granted NWFCS a mortgage on certain Valley County lands [Trial Exhibit “B”].

Also on the 27th day of May, 2008, NWFCS loaned to the Defendants the sum of \$500,000.00 [Trial Exhibit “D”] and to secure that loan the Defendant Lake Cascade Airpark granted NWFCS another mortgage on the same Valley County lands which secure the \$2,450,000.00 Loan [Trial Exhibit “E”].

The Defendants did not make the installment payments on these two loans which fell due on May 1, 2010, and since that date have not made any payments to NWFCS on their loans [Trial Exhibit “F”].

As a result of their payment defaults, Judge Neville granted NWFCS partial summary judgment on the Plaintiff’s complaint and the Defendants’ affirmative defenses, leaving only two issues for trial: (1) the amounts due and owing under the two loans, and (2) the reasonable value of the mortgaged property.¹

On September 25, 2012 a trial was held, without a jury, before the Hon. George D. Carey, Senior District Judge. On September 26, 2012 Judge Carey issued his Partial Findings and Conclusions and his Partial Judgment. The Court found from all of the evidence presented to it at the trial that the sums due and owing to NWFCS under the two notes was the combined sum of

¹See, Order Granting In Part Plaintiff’s Motion for Summary Judgment filed on August 27, 2012.

\$3,532,276.94 as of September 24, 2012, plus interest thereafter accruing at a combined daily rate of \$859.659 [Partial Judgment]. The Court also found that the reasonable value of the mortgaged property is \$1,501,500.

On November 2, 2012, the Hon. District Judge Neville entered the Decree of Foreclosure and Order of Sale consistent with the Hon. District Judge Carey (Sr.)'s Partial Judgment and Judge Neville's prior order on Summary Judgment.

On November 13, 2012, the Defendants Lake Cascade Airpark and Miller filed their motions under IRCP Rule 52(b) - to Amend Partial Findings, IRCP Rule 59(e) - to Alter or Amend the Partial Judgment, and in the alternative, IRCP Rule 59(a)(6) - for new trial (the "Motions"). Defendants Buich have filed their notice stating that they do not oppose the Motions. The Plaintiff, however, opposes the Motions.

The Motions do not challenge the Court's finding and conclusion that the sums due and owing to NWFCs under the two loans was the combined sum of \$3,532,276.94 as of September 24, 2012, plus interest thereafter accruing at a combined daily rate of \$859.659. Rather, the Motions only address the Court's finding and conclusion that the reasonable value of the mortgaged property is \$1,501,500.

STATEMENT OF THE LAW

The crux of the movants' argument is that the Court's finding and conclusion that the reasonable value of the mortgaged property is \$1,501,500 is *against the weight of the evidence* produced at trial. Stated another way, it is the movants' argument that the Court's finding and conclusion in this regard *is not supported by sufficient evidence*.

A motion to amend the findings of the court is addressed to the sound discretion of the court. The decision of the trial court to deny the motion will not be disturbed on appeal where the

challenged findings are supported by competent and substantial evidence. *McGregor v. Phillips*, 96 Idaho 779, 781 (Idaho 1975). "Findings of fact shall not be set aside unless clearly erroneous." *McGregor v. Phillips*, 96 Idaho 779, 537 P.2d 59 (1975).

The Court soundly exercises its discretion by: (1) perceiving the issues before it as one of discretion; (2) acting within the outer boundaries of its discretion, consist with the legal standards applicable to the specific choices available to it; and (3) reaching its decision through the exercise of reason. *Sun Valley Shopping Ctr., Inc. v. Idaho Power Co.*, 119 Idaho 87, 94, 803 P.2d 993, 1000 (1991). *Horner v. Sani-Top, Inc.*, 143 Idaho 230, 233 (Idaho 2006).

ARGUMENT

The essence of the movants' argument is not that the court placed too little weight upon a four year old appraisal reflecting outdated market data and Mr. Miller's lay opinion that the mortgaged property is worth a 'minimum' of \$4.5 Million; rather, the court placed too much weight upon a current appraisal reflecting current market conditions offered by a trained, licensed and certified appraiser with over 26 years of appraisal experience.² The fact of the matter is, the testimony of Susan Robbins provides competent and substantial evidence of the current value of the mortgaged property which is more than sufficient to support the court's findings and conclusion that the mortgaged property is not worth \$4.5 million, but rather \$1,501,500.

The 2008 Appraisal

Ms. Robbins's 2008 appraisal report [Trial Exhibit "2"] offered her opinion that the mortgaged property had a fair market value of \$5,140,000 on May 15, 2008. The Court found that the 2008 appraisal was based upon market data that existed prior to the Tamarack Resort's failure

² Trial Transcript at 19:9 - 23:18. Ms. Robbins, between 1981 and 1990 was an independent appraiser before working for the Plaintiff for 11 years as a senior appraiser. After a brief stint with the Idaho Department of Transportation and Idaho Department of Lands, in 2005 Ms. Robbins returned to her position as a senior appraiser with the Plaintiff.

and that at the time of the appraisal there was an active sales market in Valley County for substantial tracts of land for development of vacation properties [Finding No. 12].

The Court further found that the market for large tracts of land had disappeared by 2012, and that the failure of the Tamarack Resort and the recession had crushed the real estate market in Valley County and that developers, speculators and vacation buyers were no longer actively pursuing purchases of land in Valley County. The only active purchasers of Valley County land were local ranchers and farmers looking to add to their existing agricultural holdings [Finding No. 13].

The Court's findings are based upon Ms. Robbins's testimony that at the time of her 2008 appraisal there was an active market for development properties and that properties like the mortgaged property were being actively purchased and developed [Trial Transcript at 63:22 - 64:23]. This testimony was not contradicted by any other competent evidence.

Ms. Robbins went on to testify about the differences in the market affecting the mortgaged property between 2008 and 2012 [Trial Transcript at 69:12 - 71:02]. Ms. Robbins testified:

- A. The market was very active, and buyers were not only in state, but out of state, mostly investors, most – most wanting to develop bare land into subdivisions for recreation, houses, cabins.
- Q. And so, your appraisal of 2008 reflected that market?
- A. Yes, it did.
- Q. And, is that market – does that market exist today?
- A. No, it does not.
- Q. How is it different?
- A. It is drastically different. We do not have those players in the market anymore. The developers and – and the out of state buyers are no longer active in this market. The economy and the fact that you don't have the Tamarack ski resort anymore has depressed the area.

Q. And has it returned to a prior era, in terms of value?

A. Yes.

Q. What era was that?

A. The era?

Q. Yeah.

A. The pre-development era of – of local people possibly interested in an – an agricultural use.

This testimony from Ms. Robbins was not contradicted by any other competent evidence.

The 2012 Appraisal

The foundational evidence offered by Mr. Miller in support of his opinion that the mortgaged property is worth \$4.5 Million “at a minimum” was qualitatively and quantitatively unpersuasive. At best, Mr. Miller stated that the mortgaged property could be developed as an “Air Park” to be used by pilots from all over the United States [Trial Transcript 98:16-23]. Yet, it is admitted that the ‘airstrip’ part of this “Air Park” is not located on the mortgaged property [Trial Transcript 81:23-82:07]. Unless a purchaser of the mortgaged property *also* has ownership of the adjacent ‘air strip,’ the potential value associated with the mortgaged property’s use as an “Air Park” must be significantly discounted.

The remaining foundational evidence for Mr. Miller’s opinion of value centered on the potential development of the mortgaged property as a ‘wetland credit bank’ [Trial Transcript 99:6 - 106:01]. Mr. Miller testified that the mortgaged property has not yet been developed as a ‘wetland credit bank’ and that more work needs to be done and governmental approvals must be obtained before the property can be utilized as a ‘wetland credit bank’ [Trial Transcript 94:18-95:09]. The Fair Market Value of the mortgaged property, however, must reflect its “AS IS” condition.

Mr. Miller testified about a sale of wetland credits for \$4.50 per square foot to the city of Boise [Trial Transcript 105:07-105:11]. But Mr. Miller did not testify about any actual sales of wetland credits in Valley County, where the mortgaged property is situated. Nor did he testify about any actual sales of property situated in Valley County where even the 'potential' for wetland credit development was a factor in establishing the property's sale price. Ms. Robbins testified that she is unaware of any market for 'wetland credits' in Valley County [Trial Transcript 51:19 - 51:21].

The Court properly concluded that "Mr. Miller's opinion has a large component of wishful thinking about what might have been if the market had not taken a disastrous turn for the worse. Northwest's appraisal appears to be much more in touch with the reality of the marketplace" [Finding No. 17].

The testimony of Susan Robbins that the mortgaged property's current fair market value is \$1,333,000.00 provided competent and substantial evidence of the current value of the mortgaged property. Ms. Robbins' testimony and her 2012 appraisal report are more than sufficient evidence to support the court's findings and conclusion that the reasonable value of the mortgaged property is currently \$1,501,500.00.

Ms. Robbins 2012 appraisal report [Trial Exhibit "H"] offered her opinion that the mortgaged property had a fair market value of \$1,333,000.00 on May 30, 2012. She based her opinion upon a methodical and universally accepted professional approach to the appraisal of real property in order to establish its fair market value [Trial Transcript 26:19- 28:17].

Ms. Robbins physically inspected the mortgaged property, investigated the general area for 'for sale signs,' visited with other appraisers; checked the multiple listing reports and identified and explained comparable sales in the Valley County area. From the information available, Ms. Robbins observed significant changes in the marketplace negatively affecting the

mortgaged property's value between the date of her 2008 appraisal and the date of her 2012 appraisal [Trial Transcript at 69:12 - 71:02].

The Idaho Supreme Court has held that even where the evidence is conflicting, it may still be substantial and competent, and it is for the district court to weigh the evidence and judge the credibility of witnesses. *Clayson v. Zebe*, 153 Idaho 228, 280 P.3d 731, 737 (2012). *Snider v. Arnold*, 2012 Ida. LEXIS 215 (Idaho Nov. 15, 2012). The Court properly concluded that the testimony of Ms. Robbins, and her professional approach to valuing the mortgaged property, was much more in touch with reality and current market forces. Such a conclusion is supported by substantial and competent evidence. Movants have offered no comparable evidence to contradict Ms. Robbins' approach to evaluating the mortgaged property, and did not identify other comparable sales of Valley County lands which would contradict her professional opinion as set out in her testimony and written report.

CONCLUSION

Movants' challenge to Ms. Robbins' 2012 opinion of value centers on the fact that she did not consider the same comparable sales in 2012 that she considered in reaching her 2008 opinion of value. The reason for not considering the 2008 comparable sales, of course, is that the market had materially changed since 2008. The buyers had changed from developers and speculators to local farmers and ranchers who are purchasing the property for agricultural purposes - the current use of the property. Therefore, the 2008 and prior sales are no longer "comparable."

Movants' challenges to Ms. Robbins' 2012 opinion of value also centers on the fact that there existed in May of 2012 poor market data. While movants claim that this undermines Ms. Robbins' opinion of value, in fact that evidence supports Ms. Robbins' opinion that the market for large tracts of land had disappeared by 2012, and that the failure of the Tamarack Resort and

the recession had crushed the real estate market in Valley County and that developers, speculators and vacation buyers were no longer actively pursuing purchases of land in Valley County. The absence of active buyers reflects on the value of the mortgaged property. The only active buyers are those buyers who are purchasing agricultural lands and using them as agricultural lands. The fair market value offered by Ms. Robbins reflects the current market for this property.

NWFCS respectfully requests the Court to deny the Motions.

DATED This 30th day of November, 2012.

COOPER & LARSEN, CHTD.

Attorney for Northwest Farm Credit Services, FLCA

By


Ron Kerl

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of November, 2012, I served a true and correct copy of the foregoing to:

Bradley J. Dixon
Allison M. Blackman
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702

[xx] U.S. Mail, postage prepaid
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[xx] Email to: amblackman@stoel.com
& bjdixon@stoel.com
[xx] Facsimile

Brian F. McColl
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[xx] Facsimile

Hon. George D. Carey
Ada County Courthouse
200 West Front St.
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[] Hand Delivery
[xx] Email to: georgedcarey@gmail.com
[] Facsimile

Ron Kerl

CLERK'S CERTIFICATE OF SERVICE

I hereby certify that on the 2 day of ^{November}~~October~~, 2012, I served a true and correct copy of the foregoing to:

Bradley J. Dixon
Stoel Rives, LLP
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702

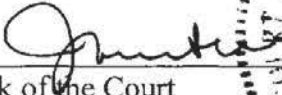
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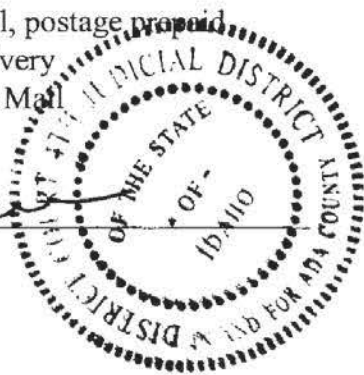
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Clerk of the Court
Valley County, Idaho



IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT)
SERVICES, FLCA, A FEDERALLY)
CHARTERED INSTRUMENTALITY)
OF THE UNITED STATES OF)
AMERICA,)
PLAINTIFF,)
V.)
LAKE CASCADE AIRPARK, LLC, AN)
IDAHO LIMITED LIABILITY)
CORPORATION; DONALD E.)
MILLER AND CANDACE MILLER,)
HUSBAND AND WIFE; DAVID A.)
BUICH AND KAREN L. BUICH,)
HUSBAND AND WIFE,)
DEFENDANTS.)

2012-33-C
CASE NO. CV-~~2005-493C~~
MEMORANDUM AND ORDER ON
POST-TRIAL MOTIONS

*Filed in chambers
Dec. 10, 2012 4:50 p.m.
Guy D. Clurey,
Sr. Dist. Judge*

This is an action brought by Plaintiff Northwest Farm Credit Services against Defendants Lake Cascade Airpark, Donald and Candace Miller, and David and Karen Buich, for foreclosure of a mortgage and for a deficiency judgment. The case was tried to the court on two issues: the amount of debt due and unpaid; and the reasonable or fair market value of the security for the debt. The case is now before the court on post-trial motions. The parties presented oral arguments at a hearing held on December 6, 2012.

MEMO AND ORDER ON POST-TRIAL MOTIONS

1

Prior to trial Judge Neville entered partial summary judgment declaring the underlying debts to be in default and permitting a foreclosure sale of the mortgaged property. The sale, however, had not yet taken place as of the date of trial on the remaining contested issues. Nevertheless the parties wished to have the reasonable or fair market value of the mortgaged property established prior to the sale, so that the amount of a deficiency, if any, readily could be established. To accommodate the parties the court used the date of trial, September 25, 2012, as the date of valuation, noting that if there were a significant change in market conditions between September 25th and the actual date for establishing a deficiency, the parties could ask to present evidence of any change that may affect value. In their post-trial motions the moving parties do not assert any changed conditions.

At the time set for trial the attorney for Mr. and Mrs. Buich advised the court that a default may be entered against them and that they would be bound by the court's findings. Subsequently he advised the court that his clients had no objection to their co-defendants' post-trial motions.

Following presentation of evidence at a one-day trial, the court entered written partial findings of fact and conclusions of law and a written partial judgment. Among other things, the court found and concluded:

4. The defendants entered into two loan transactions with the plaintiff on May 27, 2008:

a. A Note and Loan Agreement in the principal amount of \$2,450,000.00;

- b. An Ag Equity Line of Credit Note and Loan Agreement in the principal amount of \$500,000.00.

5. When The Defendants failed to make required payments, Northwest declared a default and accelerated the payments. The defendants have not cured the default.

6. The parties agree that as of September 24, 2012, the following amounts are owed by the defendants, not including costs and attorney fees:

Note and Loan Agreement	\$2,951,340.65
Line of Credit Agreement	\$ 580,936.39

7. Interest continues to accrue on the Note and Loan Agreement at a daily rate of \$737.768 and on the Line of Credit Agreement at a daily rate of \$121.891.

8. The loans were secured by mortgages on real property now subject to foreclosure proceedings. The property is a single parcel of 333.63 acres located in Valley County, Idaho near Cascade Reservoir and owned by Defendant Lake Cascade Airpark. A legal description of the property is attached to these findings.

9. The property is unforested and unimproved but fenced pasturage with a significant wetland component. It is immediately adjacent to a 200 acre tract over which Defendant Airpark holds a perpetual use easement. There is an inactive airfield on the 200 acre tract. When Airpark purchased the mortgaged property around 2008 it intended to re-open the airfield, develop a vacation community for aircraft owners on part of its property, and modify the wetland so that it could qualify as an accredited wetland area with salable wetland mitigation credits. It is undisputed that part of the property has future potential as a source of wetland mitigation. Although some preliminary work had been done on the various projects envisioned by Airpark, no earth has been turned and nothing has been completed.

11. An experienced appraiser employed by Northwest testified that she used the comparable sales method of valuation to establish a value of the tract both in 2008 and in May of 2012.

12. In 2008 she appraised the property at \$5,140,000.00 or about \$15,400.00 per acre. At the time of the 2008 appraisal, the Tamarack ski resort development had just failed. Nevertheless there still was a strong and

active market in Valley County for substantial tracts of land with development potential for vacation retreats. Potential buyers typically were developers, speculators, and non-local people with an interest in obtaining recreational property. In making her 2008 appraisal, the appraiser necessarily used comparable sales that had closed prior to the Tamarack failure.

13. In 2012 the market for large tracts had disappeared. The failure of Tamarack and the recession had crushed the real estate market in Valley County. Developers, speculators, and vacation buyers no longer were actively pursuing purchases. The only potential buyers were local ranchers and farmers who were interested in adding to their agricultural holdings at bargain prices. There were a substantial number of tracts, both large and small, that had gone into foreclosure and had come into the possession of lending institutions.

14. The appraiser testified that it was difficult to find reasonably comparable sales, both because of the lack of a market and because so many properties were being marketed by lending institutions under distress conditions. In fact she considered the comparables to be "poor." Nevertheless she was able to identify some fairly comparable sales at adjusted prices varying between \$2,717.00 per acre and \$7,568.00 per acre. In her opinion the property's former recreational and developmental potential had disappeared by 2012; its current highest and best use was agricultural. She concluded that the value as of May 2012 was \$4,000.00 per acre or \$1,334,520.00, rounded up to \$1,335,000.00.

15. She re-evaluated the property just prior to trial but found no change in conditions that would alter her opinion.

16. Mr. Miller, as one of the principals in Lake Cascade Airpark and as a person with experience in real estate development, testified that the property was worth well in excess of \$4,000,000.00. He criticized the plaintiff's appraiser for not taking into account the future potential for recreational airpark development and wetland credits, as well as for failing to look for comparables outside Valley County.

17. After considering all the evidence, the court concludes that the valuation given by Northwest's appraiser is more credible than the one given by Mr. Miller. Mr. Miller's opinion has a large component of wishful thinking about what might have been if the market had not taken a disastrous turn for the worse. Northwest's appraisal appears to be much more in touch with the reality of the marketplace, although a bit on the low side. In the court's

opinion the evidence supports a finding that the property in its current condition and in the current market has a reasonable or fair market value of \$4,500.00 per acre or \$1,501,335.00, rounded to \$1,501,500.00, as of September 25, 2012.

Lake Cascade Airpark and the Millers have moved pursuant to IRCP 52(b) for an order altering or amending the partial findings and conclusions and under IRCP 52(b) and 59(e) to amend the partial judgment. In the alternative they have moved for a new trial pursuant to IRCP 59(a)(6). They do not dispute the amount owed to the plaintiff. They dispute only the value of the mortgaged property as found by the court.

IRCP 52(b) affords a dissatisfied party an opportunity to request that the court alter or amend its findings and conclusions or that it make additional findings or conclusions and, if appropriate, that it enter an amended judgment. A decision on a Rule 52(b) motion is discretionary with the trial court. *Bair v. Barron*, 97 Idaho 26, 32, 539 P.2d 578 (1975). A trial court properly exercises its discretion if it correctly perceives the issue as one discretion, if it acts within the outer bounds of its discretion and consistent with applicable legal standards, and if it reaches its decision by an exercise of reason. See, e.g., *Straub v. Smith*, 145 Idaho 65, 71, 175 P.3d 754 (2007).

If a court's decision is based on "incorrect information", a Rule 52(b) motion to amend is an appropriate remedy. *Rae v. Bunce*, 145 Idaho 798, 805, 186 P.3d 654

(2008). The court, however, may not consider new evidence when ruling on a Rule 52(b) motion. *PHH Mortgage Services Corp. v. Perreira*, 146 Idaho 631, 635, 200 P.3d 1180 (2009). The court notes that the moving parties have not made a motion pursuant to IRCP 11(a)(2)(B), for which new or additional facts ought to be considered.

The court carefully has reconsidered the evidence presented at trial and has thoroughly reviewed the trial transcript, which the moving parties submitted in support of their motions. In essence the moving parties contend that Farm Credit's evidence of value is unworthy of belief, while their evidence supports a higher valuation. Their arguments are not persuasive. The defendants' valuation was based on facts that may have been relevant in 2008, when the loan originated. Unfortunately the market for large vacation-development tracts in Valley County had evaporated by September 2012, close to the material date for valuation. The evidence is clear that the mortgaged property may have had special value as an air-accessible residential development in 2008 with potential for added value if wetland credits were developed. By September 2012 it was valuable only as farm or ranch land, regardless of any hope that the property might again become ripe for vacation or residential development at some indefinite future date or that it eventually might have additional value if wetland credits actually were established. While the 2012 appraisal provided by Farm Credit's expert witness was not perfect, as she herself admitted, nevertheless it was, more probably than not, reasonably close to an accurate valuation of the property at the current time. Certainly it was far more

accurate and nearer to economic reality than the estimate provided by the defendants. In the exercise of the court's discretion the rule 52(b) motion will be denied.

IRCP 59(e) also provides for the right to move to alter or amend a judgment. The decision to grant or deny the motion is discretionary. A Rule 59(e) motion affords the trial court an opportunity to "correct errors both of fact or law that had occurred during the proceedings." It is directed to the status of the case as it existed when the court rendered its decision. It does not raise new issues or present new information. *Lowe v. Lym*, 103 Idaho 259, 263, 646 P.2d 1030 (Ct. App. 1982). As explained above the court is convinced that there were no errors of law or fact in the trial or in its findings and conclusions. The Rule 59(e) motion will be denied.

Rule 59(a)(6) establishes the right to obtain a new trial if the evidence is insufficient "to justify the verdict or other decision, or that it is against the law." The moving parties assert that there was insufficient evidence to justify the factual decision of the court concerning valuation, and that they are entitled to a new trial.

As a preliminary matter the court notes that the defendants have submitted two new pieces of evidence in support of their Rule 59(a)(6) motion:

- a. A letter dated November 8, 2012, from the District Manager of the North Lake Recreational Sewer & Water District stating that the mortgaged property had been annexed into the district, and that if certain conditions

were met, the district would provide sewer treatment capacity for the property;

b. A Preliminary Feasibility Summary prepared for the defendants in July 2007 by Kevin F. Noonan concerning creation of a successful “wetland mitigation bank” using wetlands encompassed by the mortgaged property.

Both documents are hearsay. They are out-of-court statements intended to show the truth of the matter asserted therein. IRE 801(c). Neither the District Manager nor Mr. Noonan has been sworn to testify truthfully, and neither has been subject to cross-examination.

Arguably the facts stated by the District Manager in his letter are admissible under the doctrine of judicial notice of adjudicative facts, IRE 201, but these facts do nothing to significantly change the complexion of the case. They may tend to contradict an assumption made by Farm Credit’s appraiser, but not to the extent of destroying the credibility of her opinions.

There is absolutely no basis on which to allow Mr. Noonan’s five-year-old report into evidence to assist in deciding the Rule 59(a)(6) motion. IRE 802, 803, 804. During oral argument the attorney for the defendants candidly conceded that the report had little or no evidentiary value. The report will not be considered.

Usually a Rule 59(a)(6) motion is made for the purpose of testing a jury verdict, but it also is applicable to a court’s decision in a bench trial. Paraphrasing the leading case on Rule 59(a)(6), a trial court may set aside its decision even

though there is substantial evidence to support it. It must refuse, in the exercise of discretion, to permit a decision to stand if in its opinion the decision is against the right and justice of the case. The trial court is not required to view the evidence in the light most favorable to the decision-winner. The trial court is free to re-weigh the evidence. This function involves considerable discretion in view of the court's opportunity to hear all the testimony and examine all the evidence. The trial court may grant a new trial when it is satisfied that the decision is not supported by or is contrary to the evidence, or is convinced that the decision is not in accord with the clear weight of the evidence and that the ends of justice will be served by vacating the decision, or when the decision is not in accord with either law or justice. If the trial court is left with the definite and firm conviction that a mistake has been committed it should grant a new trial. *Quick v. Crane*, 111 Idaho 759, 767-768, 727 P.2d 1187 (1986).

The court's exercise of discretion has been explained in additional detail in *Lanham v. Idaho Power Co.*, 130 Idaho 486, 498, 943 P.2d 912(1997); see, *Kafader v. Baumann*, _ Idaho _, _ P.3d _ (Ct. App. Docket No. 39195, 2012) . According to *Lanham* and other cases, the trial court must weigh the evidence and grant a Rule 59(a)(6) motion only when the original decision is not in accord with the court's current assessment of the clear weight of the evidence. The trial court must independently assess the credibility of the witnesses, and it is not required to construe the evidence in favor of the original decision. Before granting a new trial, the court must apply the following tests and make the following findings: it must

find that the original decision was against the clear weight of the evidence; it must find that the ends of justice would be served by vacating the original decision; and it must find that a retrial would produce a different result.

Having had the opportunity of listening to the witnesses at trial, having had the opportunity of considering the credibility of each of the witnesses and his or her testimony, having had the opportunity of hearing the reasons for the opinions given by the witnesses, having had the opportunity of reviewing the transcript of the trial, having had the opportunity of re-weighing the evidence and the credibility of the witnesses without regard to the original decision, and having had the opportunity of considering the arguments of counsel, the court is satisfied that its original decision was in accord with the law, the facts, the right, and the justice of the case. The ends of justice would not be served by vacating the original decision, and a retrial would not produce a different result. The court's determination that the reasonable or fair market value of the mortgaged property was \$1,501,500.00 as of September 25, 2012, is correct as a matter of fact, law, right, and justice.

The Rule 59(a)(6) motion will be denied.

ORDER

It hereby is ordered that the post-trial motions of Defendants Lake Cascade Airpark, LLC, and Donald E. Miller and Candace W. Miller, husband and wife, made pursuant to IRCP 52(b), 59(e), and 59(a)(6), are denied in their entirety.

DATED December 10, 2012


George D. Carey, Senior District Judge

Bradley J. Dixon, ISB No. 6167
 E-mail: bjdixon@stoel.com
 Allison M. Blackman, ISB No. 8686
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 Telephone: (208) 389-9000
 Facsimile: (208) 389-9040

Attorneys for Defendants Lake Cascade Airpark, LLC
 and Donald and Candace Miller

ARCHIE N. BANBURY, CLERK
 BY *Justin* DEPUTY

JAN - 9 2013

Case No. _____ Inst. No. _____
 Filed _____ A.M. 5:40 P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff,

v.

LAKE CASCADE AIRPARK, LLC an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants.

Case No. CV 2012-33-C

**ORDER GRANTING IN PART AND
 DENYING IN PART DEFENDANTS'
 MOTION TO TEMPORARILY STAY
 FORECLOSURE SALE AND MOTION
 FOR EXPEDITED REVIEW**

This matter having come before the Court on Defendants' Motion to Temporarily Stay
 Foreclosure Sale and Motion for Expedited Review and for good cause shown, and being fully
 advised of the premises,

**[PROPOSED] ORDER GRANTING IN PART AND DENYING IN PART
 DEFENDANTS' MOTION TO TEMPORARILY STAY FORECLOSURE SALE AND
 MOTION FOR EXPEDITED REVIEW - 1**

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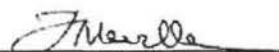
IT IS HEREBY ORDERED that Defendants' Motion for Expedited Review is GRANTED.

IT IS FURTHER ORDERED that Defendants' Motion to Temporarily Stay Foreclosure Sale is GRANTED IN PART AND DENIED IN PART as follows: The foreclosure sale scheduled for Thursday, January 10, 2013, at the hour of 1:30 p.m. at the front entrance to the Valley County Courthouse in Cascade, Idaho is postponed to Wednesday, January 23, 2013, at the hour of 1:30 p.m. at the same location.

IT IS FURTHER ORDERED that the Sheriff of Valley County, Idaho shall announce the aforementioned postponement of the foreclosure sale on Thursday, January 10, 2013, at the hour of 1:30 p.m. at the front entrance to the Valley County Courthouse in Cascade, Idaho, and no further notice of the rescheduled sale, as the same may be otherwise required by law, need to be given by the Valley County Sheriff for the foreclosure sale rescheduled to January 23, 2013 at the hour of 1:30 p.m. at the front entrance to the Valley County Courthouse in Cascade, Idaho.

IT IS FURTHER ORDERED that Defendants Lake Cascade Airpark, LLC and Donald and Candace Miller shall make their best effort at submitting a bona fide settlement offer to Plaintiff that is materially different from each and every earlier settlement offer they have made to the Plaintiff no later than Friday, January 18, 2013, at the hour of 8:00 a.m.

DATED this 9th day of January, 2013.


 Hon. Thomas F. Neville, District Judge

**[PROPOSED] ORDER GRANTING IN PART AND DENYING IN PART
 DEFENDANTS' MOTION TO TEMPORARILY STAY FORECLOSURE SALE AND
 MOTION FOR EXPEDITED REVIEW - 2**

73228784.1 0043308-00005

CLERK'S CERTIFICATE OF SERVICE

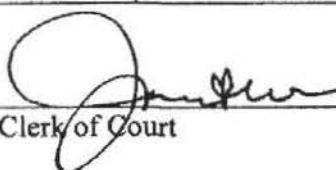
I hereby certify that on January 9, 2013, I served a copy of the foregoing

[PROPOSED] ORDER GRANTING IN PART AND DENYING IN PART

DEFENDANTS' MOTION TO TEMPORARILY STAY FORECLOSURE SALE AND

MOTION FOR EXPEDITED REVIEW on the following, in the matter indicated below:

<p>Ron Kerl COOPER & LARSEN, CHARTERED 151 North Third Avenue, Second Floor P.O. Box 4229 Pocatello, ID 83205-4229 Facsimile: (208) 235-1182</p> <p><i>Attorney for Northwest Farm Credit Services, FLCA</i></p>	<p><input type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Via Email</p>
<p>Brian F. McColl WILSON & McCOLL 3858 N. Garden Center Way, Ste. 200 P.O. Box 1544 Boise, Idaho 83701-1544 Facsimile: (208) 384-0442</p> <p><i>Attorney for David A. Buich and Karen L. Buich</i></p>	<p><input type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Via Email</p>
<p>Bradley J. Dixon STOEL RIVES LLP 101 S Capitol Boulevard, Suite 1900 Boise, ID 83702 Facsimile: (208) 389-9040</p> <p><i>Attorneys for Defendants Lake Cascade Airpark, LLC and Donald and Candace Miller</i></p>	<p><input type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input checked="" type="checkbox"/> Via Email</p>


Clerk of Court



**[PROPOSED] ORDER GRANTING IN PART AND DENYING IN PART
DEFENDANTS' MOTION TO TEMPORARILY STAY FORECLOSURE SALE AND
MOTION FOR EXPEDITED REVIEW - 3**

Ron Kerl, Esq. - ISB #1768
COOPER & LARSEN, CHARTERED
 151 North Third Avenue, Second Floor
 P.O. Box 4229
 Pocatello, ID 83205-4229
 Telephone: (208) 235-1145
 Facsimile: (208) 235-1182
 Email: ron@cooper-larsen.com

ARCHIE N. DANDOUR, CLERK
 BY G. J. J. J. DEPUTY

MAR 19 2013

Cann. No. _____ Inst. No. _____
 Filed _____ A.M. 3:40 P.M.

Attorney for Northwest Farm Credit Services, FLCA

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE

STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,
 a federally chartered instrumentality of the United
 States of America,

Plaintiff,

vs.

LAKE CASCADE AIRPARK, LLC, an Idaho limited
 liability company; DONALD E. MILLER and
 CANDACE W. MILLER, husband and wife; DAVID
 A. BUICH and KAREN L. BUICH, husband and wife;

Defendants.

CASE NO. CV 2012-33C

**DECREE OF FORECLOSURE
 AND ORDER OF SALE *NUNC
 PRO TUNC***

This matter came on regularly for trial before the Court, the Honorable George D. Carey, presiding. The Court issued its Partial Findings of Fact and Conclusions of Law and its Partial Judgment on September 26, 2012, and for the reasons therein stated, it is hereby decreed that Northwest Farm Credit Services, FLCA is entitled to the Decree of Foreclosure and Order of Sale *Nunc Pro Tunc* as hereinafter set forth.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. The two mortgages made, executed and delivered by Defendant Lake Cascade

Airpark, LLC, to Northwest Farm Credit Services, FLCA, dated May 27, 2008, and recorded on the 29th day of May, 2008, under Recorder's Instrument Nos. 331953 and 331954, respectively, in the records of Valley County, Idaho, are valid first and second priority liens on the below described real property securing an indebtedness of \$3,532,276.94 as of September 24, 2012, plus interest thereafter accruing up to the date of this Decree at a daily rate of \$859.659.

As of the date of this Decree the total indebtedness secured by the above described mortgages is the sum of \$3,565,803.64, plus legal interest on the entire sum of the indebtedness from the date of this Decree to and including the date of Sheriff's sale at the highest rate allowed by law; together with allowable costs and attorneys fees yet to be determined.

The real property situated in the County of Valley, State of Idaho, is more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof.

2. The mortgage liens described in paragraph 1 are foreclosed, and all interest which the Defendant Lake Cascade Airpark, LLC has in the above described real property, together with all ditch and water rights of every nature, and any fixtures on the property, shall be sold by the Sheriff of Valley County, Idaho, in one parcel in the manner provided by law, payable in cash lawful money of the United States of America and in accordance with the practice of this Court.

3. The reasonable value of the property described in the mortgages as of the date of this Decree is the sum of \$1,501,500.00. This Court retains jurisdiction of this cause to take evidence on the reasonable value of the premises at a later date, if necessary, and to amend this Decree to include a determination of reasonable value as of the date of this Decree, if necessary, to allow Plaintiff to pursue any deficiency judgment they may be entitled to receive under *Idaho Code §6-108*.

4. The proceeds of the foreclosure sale shall be applied as follows: First, to the costs of sale; Second, towards the satisfaction of the indebtedness owing to Northwest Farm Credit

Services under the Note and Loan Agreement dated May 27, 2008; and Third, toward the satisfaction of the indebtedness owing to Northwest Farm Credit Services, FLCA under the Line of Credit Agreement dated May 27, 2008, and upon payment of those sums in full, any surplus thereafter remaining shall be paid into the District Court for further determination regarding priority among those parties to this litigation whose rights are subordinate to Northwest Farm Credit Services, FLCA.

5. The Defendants Lake Cascade Airpark, LLC, Donald E. Miller, Candace W. Miller, David A. Buich, and Karen L. Buich, and all persons claiming through or under them as purchasers, encumbrancers, or otherwise and all persons claiming to have acquired any equity or interest in said premises subsequent to the filing of a Lis Pendens with the County Recorder of Valley County, Idaho, on February 8, 2012, recorded as Instrument No. 366717 of the real estate records of the County Recorder of Valley County, Idaho, are foreclosed of all interests, liens, or claims in the real property described in Exhibit "A", and every portion thereof, save and except such statutory rights of redemption as said parties or any of them may have.

6. Northwest Farm Credit Services, FLCA, with either a cash bid or a credit bid against the sum herein found to be due it, or any party to this proceeding may become the purchaser at the sale of said property, and the purchaser thereof shall be entitled to all of the rights and privileges of

such a purchaser under the laws of the State of Idaho. This decree and order shall be effective November 2, 2012, nunc pro tunc.
 DATED This 19th day of March, 2013.

Thomas F. Neville
 Hon. Thomas F. Neville
 DISTRICT JUDGE

EXHIBIT "A"

Parcel 1:

Township 15 North Range 3 East Boise Meridian, Valley County, Idaho:

Section 10: NE $\frac{1}{4}$ NE $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ SE $\frac{1}{4}$; N $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SE $\frac{1}{4}$; N $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$; and NW $\frac{1}{4}$ NE $\frac{1}{4}$;

AND

That portion of the following described land lying within the S $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$:

Being a strip of land 100.00 feet wide situate in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 10, Township 15 North Range 3 East of the Boise Meridian, in Valley County, Idaho said strip being a portion of that certain parcel of land heretofore acquired by the Idaho Northern Railway Company (predecessor to the Oregon Short Line Railroad Company), from Eugene McCoy et al, by Final Order of Condemnation dated November 15, 1912, and filed that same day in Book 4 of Judgments at page 105 in Boise County Records.

Said strip of land is described in said condemnation order as follows:

A strip of land 100 feet wide lying fifty feet on either side of the centerline of the Idaho Northern Railway as same is now located and staked over and across the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ of Section 10, Township 15 North of Range 3 East of the Boise Meridian, the course of said centerline being more particularly described as follows:

Beginning at the intersection of said centerline with the South line of said Section 45 feet West from the South $\frac{1}{4}$ corner thereof; thence northerly along a tangent to a point in the North line of said South $\frac{1}{2}$ 48 feet West from the center of said Section 10.

Excepting therefrom any portion of the above-described strip of land lying within the S $\frac{1}{2}$ of the S $\frac{1}{2}$ of said Section 10.

Parcel 2:

Beginning at the center of Section 10, Township 15 North, Range 3 East Boise Meridian, Valley County, Idaho; Thence West 1,320 feet to a point, the REAL PLACE OF BEGINNING; Thence North 132 feet to a point; Thence West 660 feet; Thence South 132 feet; Thence East 660 feet to the REAL PLACE OF BEGINNING.

CLERK'S CERTIFICATE OF SERVICE

I hereby certify that on the 19 day of March, 2013, I served a true and correct copy of the foregoing to:

Bradley J. Dixon
Stoel Rives, LLP
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702

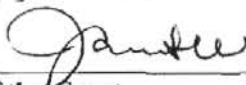
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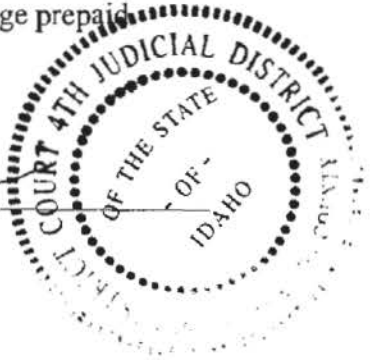
Brian F. McColl
3858 N. Garden Center Way, Ste. 200
Boise, ID 73701

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile

Ron Kerl
Cooper & Larsen, Chtd.
P.O. Box 4229
Pocatello, ID 83205

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile


Clerk of the Court
Valley County, Idaho



Ron Kerl, Esq. - ISB #1768
COOPER & LARSEN, CHARTERED
 151 North Third Avenue, Second Floor
 P.O. Box 4229
 Pocatello, ID 83205-4229
 Telephone: (208) 235-1145
 Facsimile: (208) 235-1182
 Email: ron@cooper-larsen.com

ARCHIE N. DANBURY, CLERK
 BY [Signature] DEPUTY

MAR 19 2013

Case No. _____ Inst. No. _____
 Filed _____ A.M. 3:40 P.M.

Attorney for Northwest Farm Credit Services, FLCA

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,)
 a federally chartered instrumentality of the United)
 States of America,)

Plaintiff,)

vs.)

LAKE CASCADE AIRPARK, LLC, an Idaho limited)
 liability company; DONALD E. MILLER and)
 CANDACE W. MILLER, husband and wife; DAVID)
 A. BUICH and KAREN L. BUICH, husband and wife;)

Defendants.)

CASE NO. CV 2012-33C

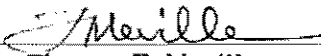
JUDGMENT

Upon motion by the Plaintiff Northwest Farm Credit Services, FLCA for a deficiency judgment pursuant to *I.C. § 6-108*, and after notice thereof and a hearing thereon;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Northwest Farm Credit Services, FLCA is hereby awarded judgment against the Defendants Lake Cascade Airpark, LLC, Donald E. Miller, Candace W. Miller, David A. Buich, and Karen L. Buich for the sum of

\$2,105,986.16, plus legal interest accruing thereon at the rate of 5.25% per annum from the date hereof until paid in full.

DATED This 19th day of March, 2013.



Hon. Thomas F. Neville
DISTRICT JUDGE

CLERK'S CERTIFICATE OF SERVICE

I hereby certify that on the 19 day of March, 2013, I served a true and correct copy of the foregoing Judgment to:

Bradley J. Dixon
Stoel Rives, LLP
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702

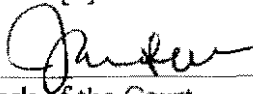
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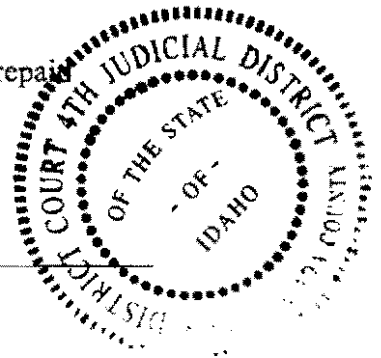
Brian F. McColl
3858 N. Garden Center Way, Ste. 200
Boise, ID 73701

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile

Ron Kerl
Cooper & Larsen, Chtd.
P.O. Box 4229
Pocatello, ID 83205

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile


Clerk of the Court
Valley County, Idaho



Ron Kerl, Esq. - ISB #1768
COOPER & LARSEN, CHARTERED
 151 North Third Avenue, Second Floor
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 Telephone: (208) 235-1145
 Facsimile: (208) 235-1182
 Email: ron@cooper-larsen.com

ARCHIE N. BANBURY, CLERK
 BY *[Signature]* DEPUTY

APR 24 2013

Case No. _____ Inst. No. _____
 Filed _____ A.M. 3:43 P.M.

Attorney for Northwest Farm Credit Services, FLCA

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,
 a federally chartered instrumentality of the United
 States of America,

Plaintiff,

vs.

LAKE CASCADE AIRPARK, LLC, an Idaho limited
 liability company; DONALD E. MILLER and
 CANDACE W. MILLER, husband and wife; DAVID
 A. BUICH and KAREN L. BUICH, husband and wife;

Defendants.

CASE NO. CV 2012-33C

**ORDER GRANTING
 MOTION TO APPEAR
 TELEPHONICALLY FOR
 HEARING**

On request by Plaintiff NORTHWEST FARM CREDIT SERVICES, FLCA ("Plaintiff"),
 and for good cause shown, the afore-said Plaintiff is permitted to attend telephonically the pre-trial
 conference, set for April 25, 2012, at 3:00 p.m.

DATED this 24th day of April, 2012.

[Signature]
 Hon. Thomas F. Neville

Order on Motion to Appear Telephonically
 Page - 1

Bradley J. Dixon, ISB No. 6167
 E-mail: bjdixon@stoel.com
 W. Christopher Pooser, ISB No. 5525
 E-mail: wcpooser@stoel.com
 STOEL RIVES LLP
 101 S Capitol Boulevard, Suite 1900
 Boise, ID 83702
 Telephone: (208) 389-9000
 Facsimile: (208) 389-9040

Attorneys for Defendants-Appellants Lake Cascade
 Airpark, LLC and Donald and Candace Miller

ARCHIE N. BANBURY, CLERK
 By [Signature] Deputy
 APR 29 2013
 Case No. _____ Inst. No. _____
 Filed _____ A.M. 5:03 P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT
 SERVICES, FLCA a federally chartered
 instrumentality of the United States of
 America,

Plaintiff-Respondent,

v.

LAKE CASCADE AIRPARK, LLC an
 Idaho limited liability company; DONALD
 MILLER and CANDACE W. MILLER;
 husband and wife; DAVID A. BUICH and
 KAREN L. BUICH, husband and wife,

Defendants-Appellants.

Case No. CV 2012-33-C

NOTICE OF APPEAL

TO: THE ABOVE NAMED RESPONDENT, Northwest Farm Credit Services, FLCA, ITS
 ATTORNEY OF RECORD, Ron Kerl, Cooper & Larsen, Chartered, 151 North Third
 Avenue, Second Floor, P.O. Box 4229, Pocatello, Idaho 83205-4229, AND THE CLERK
 OF THE ABOVE ENTITLED COURT.

NOTICE IS HEREBY GIVEN THAT:

1. Appellants Lake Cascade Airpark, LLC and Donald and Candace Miller
 (collectively, "Appellants") appeal to the Idaho Supreme Court from the District Court of the

NOTICE OF APPEAL - 1

73208345.3 0043308-00005

ORIGINAL

Fourth Judicial District of the State of Idaho, in and for Valley County, and against Respondent Northwest Farm Credit Services, FLCA ("Respondent").

2. Appellants hereby appeal as a matter of right pursuant to I.A.R. 11(a)(1) from the Judgment entered on March 19, 2013 by the Honorable Thomas F. Neville.

3. Without waiving its right to assert other issues on appeal, Appellants state the issues they intend to assert on appeal include: whether the District Court erred when it established the reasonable and fair value of the property at \$1,501,335.00.

4. Appellants previously requested the preparation of the reporter's transcript of the court trial before the Honorable George D. Carey, held on September 25, 2012, and that transcript has already been prepared by Susan M. Wolf.

5. Appellants request the preparation of the reporter's standard transcript in electronic format of the hearing before the Honorable George D. Carey, held on December 6, 2012, regarding Defendants' Motion to Alter or Amend Partial Findings and Conclusions and Alternative Motion for New Trial, filed on November 13, 2012.

6. Appellants request the following documents to be included in the clerk's record in addition to those automatically included under I.A.R. 28:

- a. Defendants' Motion to Alter or Amend Partial Findings and Conclusions and Alternative Motion for New Trial, filed on November 13, 2012;
- b. Memorandum in Support of Defendants' Motion to Alter or Amend Partial Findings and Conclusions and Alternative Motion for New Trial, filed on November 13, 2012;
- c. Affidavit of Bradley Dixon in Support of Defendants' Motion to Alter or Amend Partial Findings and Conclusions and Alternative Motion for New

Trial and accompanying exhibits, filed on November 13, 2012; and

- d. Plaintiff's Brief Opposing Defendants Lake Cascade Airpark and Miller's Motions to Alter or Amend Partial Findings, or Motion for New Trial, filed on December 3, 2012.

7. Appellants request the following documents admitted as exhibits during the court trial before the Honorable George D. Carey, held on September 25, 2012, to be copied and sent to the Idaho Supreme Court: Plaintiff's Exhibits A, B, C, D, E, F, G, and H and Defendants' Exhibit No. 2.

8. I hereby certify that:

- a. a copy of this Notice of Appeal has been served on the court reporter of whom the transcript of the December 6, 2012 hearing has been requested as named below at the address set out below: Dianne Cromwell, Tucker & Associates, P.O. Box 1625, Boise, Idaho 83701;
- b. Tucker & Associates has been paid the estimated fee for preparation of the reporter's transcript of the December 6, 2012 hearing;
- c. the estimated fee for preparation of the clerk's record has been paid;
- d. the appellate filing fee has been paid; and
- e. service of this notice has been made upon all parties required to be served pursuant to I.A.R. 20.

DATED: April 26, 2013.

STOEL RIVES LLP



Bradley J. Dixon


W. Christopher Pooser

*Attorneys for Defendants Lake Cascade
Airpark, LLC and Donald and Candace Miller*

CERTIFICATE OF SERVICE

I hereby certify that on April ²⁹~~28~~, 2013, I served a copy of the foregoing **NOTICE OF APPEAL** on the following, in the matter indicated below:

<p>Ron Kerl COOPER & LARSEN, CHARTERED 151 North Third Avenue, Second Floor P.O. Box 4229 Pocatello, ID 83205-4229 Facsimile: (208) 235-1182</p> <p><i>Attorney for Northwest Farm Credit Services, FLCA</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Brian F. McColl WILSON & McCOLL 3858 N. Garden Center Way, Ste. 200 P.O. Box 1544 Boise, Idaho 83701-1544 Facsimile: (208) 384-0442</p> <p><i>Attorney for David A. Buich and Karen L. Buich</i></p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Judge Thomas F. Neville Ada County Courthouse 200 W. Front Street Boise, Idaho 83702 Facsimile (court): (208) 287-7569 Email: dcnevilt@adaweb.net</p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>
<p>Dianne Cromwell Tucker & Associates P.O. Box 1625 Boise, Idaho 83701</p>	<p><input checked="" type="checkbox"/> Via U.S. Mail <input type="checkbox"/> Via Facsimile <input type="checkbox"/> Via Overnight Mail <input type="checkbox"/> Via Hand Delivery <input type="checkbox"/> Via Email</p>



 Bradley J. Dixon
 Attorneys for Defendants Lake Cascade Airpark,
 LLC and Donald and Candace Miller

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT)
SERVICES, FLCA a federally chartered)
Instrumentality of the United States)
America,)
Plaintiff-Respondent,)
-vs-)
LAKE CASCADE AIRPARK, LLC an)
Idaho limited liability company;)
DONALD MILLER and CANDACE W.)
MILLER; husband and wife,)
Defendant-Appellant,)
and)
DAVID A. BUICH and KAREN L.)
BUICH, husband and wife,)
Defendant.)

SUPREME COURT NO.

Dist. Court No. CV-2012-33*C

CLERKS'S CERTIFICATE
OF APPEAL

ARCHIE N. BANBURY, CLERK
BY:  DEPUTY

MAY 02 2013

Case No. _____ Inst. No. _____
Filed 11:50 A.M. _____ P.M.

Appeal From: Fourth Judicial District, Valley County
Honorable Thomas F. Neville, Presiding

Court Case No.: CV-2012-33*C

Order or Judgment Appealed From: The Judgment entered on March 19, 2013.

Counsel for Plaintiff/Respondent: Ron Kerl
Cooper & Larsen, Chartered
51 North Third Avenue, Second Floor
P.O. Box 4229
Pocatello, ID 83205-4229

Counsel for Defendant/Appellant: Bradley J. Dixon
Stoel Rives LLP
101 S. Capitol Boulevard, Suite 1900
Boise, ID 83702

Appealed By: Lake Cascade Airpark, LLC and Donald and Candace Miller.

Appealed Against: Northwest Farm Credit Services, FLCA.

Notice of Appeal Filed: April 29, 2013.

Notice of Cross-Appeal Filed: No

Appellate Fee Paid: Yes

Estimated Fee for Transcripts Paid: Appellant indicated that the estimated fee was paid to the Reporter, Tucker & Associates, for December 6, 2012 transcript. The Appellant reported that the transcript from the court trial held on September 25, 2012 was previously requested and prepared by Susan Wolf.

Estimated Fee for Preparation of Clerk's Record Paid: \$100.00 fee was paid.


Request for Additional Reporter's Transcript Filed: No

Request for Additional Record Filed: No

Name of Reporter(s): Dianne Cromwell and Susan Wolf.

Was Reporter's Transcript Requested: Yes

DATED this 2nd day of May, 2013.
Archie N. Banbury, CLERK

By: 
Deputy Clerk

MAY - 6 2013

Ron Kerl, Esq. - ISB #1768
COOPER & LARSEN, CHARTERED
 151 North Third Avenue, Second Floor
 P.O. Box 4229
 Pocatello, ID 83205-4229
 Telephone: (208) 235-1145
 Facsimile: (208) 235-1182
 Email: ron@cooper-larsen.com

Case No. _____ Inst. No. _____
 Filed 7:12 A.M. _____ P.M.

Attorney for Northwest Farm Credit Services, FLCA

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT SERVICES, FLCA,
 a federally chartered instrumentality of the United
 States of America,

Plaintiff,

vs.

LAKE CASCADE AIRPARK, LLC, an Idaho limited
 liability company; DONALD E. MILLER and
 CANDACE W. MILLER, husband and wife; DAVID
 A. BUICH and KAREN L. BUICH, husband and wife;

Defendants.

CASE NO. CV 2012-33C

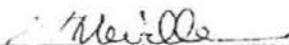
**ORDER GRANTING
 MOTION FOR AWARD OF
 ATTORNEY FEES AND
 AWARDING COSTS**

The Court, having considered the Motion for Award of Attorney Fees and Memorandum of Costs timely filed by Northwest Farm Credit Services, FLCA, the Plaintiff in the above and foregoing matter, and the Defendants having not objected to the Motion or the Memorandum of Costs, the Court, in the exercise of its discretion, grants the Plaintiff's Motion and awards its costs as a matter of right.

Order Granting Motion for Award of Attorney Fees
 and Awarding Costs
 Page - 1

NOW, THEREFORE, it is hereby ordered that the Plaintiff be awarded against the Defendants, jointly and severally, attorney fees in the amount of \$29,200 and costs in the amount of \$197.00, for a total award of attorney fees and costs of \$29,397.00, to be added to the Judgment entered in favor of the Plaintiff on March 19, 2013 in the amount of \$2,105,986.16 pursuant to I.R.C.P. Rule 54(d)(1)(F).

Dated this 2nd day of May, 2013.


Hon. Thomas F. Neville
DISTRICT JUDGE

CLERK'S CERTIFICATE OF SERVICE

I hereby certify that on the 6th day of March, 2013, I served a true and correct copy of the foregoing Judgment to:

Bradley J. Dixon
Stoel Rives, LLP
101 S. Capitol Blvd., Ste. 1900
Boise, ID 83702

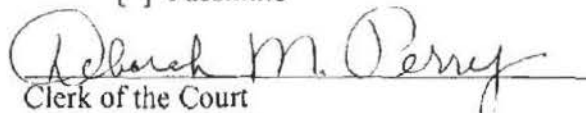
☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile

Brian F. McColl
3858 N. Garden Center Way, Ste. 200
Boise, ID 73701

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile

Ron Kerl
Cooper & Larsen, Chtd.
P.O. Box 4229
Pocatello, ID 83205

☒ U.S. Mail, postage prepaid
☐ Hand Delivery
☐ Overnight Mail
☐ Facsimile


Clerk of the Court
Valley County, Idaho

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE STATE OF
IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT)	
SERVICES, FLCA a federally chartered	)	SUPREME COURT NO. 40992-2013
Instrumentality of the United States)	
America,	)	Dist. Court No. CV-2012-33*C
)	
Plaintiff-Respondent,)	
)	
-vs-	)	CLERK'S CERTIFICATE OF EXHIBITS
)	
LAKE CASCADE AIRPARK, LLC an)	
Idaho limited liability company;)	
DONALD MILLER and CANDACE W.)	
MILLER; husband and wife,)	
Defendant-Appellant,)	
and)	
)	
DAVID A. BUICH and KAREN L.)	
BUICH, husband and wife,)	
Defendant.)	
_____)	

I, Archie N. Banbury, Clerk of the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Valley, do hereby certify that the following is offered as the Clerk's exhibit on appeal:

Exhibit A (Admitted): Note and Loan Agreement dated May 27, 2008 in the original principal amount of \$2,450,000.

Exhibit B (Admitted): Mortgage dated May 27, 2008 in Valley County real estate securing the Note and Loan Agreement dated May 27, 2008 in the original principal amount of \$2,450,000.

Exhibit C (Admitted): Statement of Balance Due, as Stated in the Complaint, and at the time of trial for the Note and Loan Agreement dated May 27, 2008 in the original principal amount of \$2,450,000.

CLERK'S CERTIFICATE OF EXHIBIT

Exhibit D (Admitted): Ag Equity Line of Credit Note and Loan Agreement dated May 27, 2008 in the original principal amount of \$2,450,000.

Exhibit E (Admitted): Ag Equity Line of Credit Mortgage dated May 27, 2008 in Valley County real estate securing the Ag Equity Line of Credit Note and Loan Agreement dated May 27, 2008 in the original principal amount of \$2,450,000.

Exhibit F (Admitted): Statements of Balance Due, as stated in the Complaint, and at the time of trial for the Ag Equity Line of Credit Note and Loan dated May 27, 2008 in the original principal amount of \$2,450,000.

Exhibit G (Admitted): Call Letter accelerating the balances due on the Note and Loan Agreement dated May 27, 2008 in the original principal amount of \$2,450,000 and Ag Equity Line of Credit Note and Loan Agreement dated May 27, 2008 in the original principal amount of \$2,450,000.

Exhibit H (Admitted): Appraisal Report of Susan Robbins, ARA regarding the Valley County real estate described in Mortgage dated May 27, 2008 and the Ag Equity Line of Credit Note and Loan Agreement dated May 27, 2008.

Defendant Exhibit 2 (Admitted): Appraisal 5/15/2008

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the said Court

this 25 day of July, 2013.

Archie N. Banbury
Clerk of the District Court

Skip Lloyd
Deputy Clerk

CLERK'S CERTIFICATE OF EXHIBIT

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE STATE
OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT)	
SERVICES, FLCA a federally chartered	)	SUPREME COURT NO. 40992-2013
Instrumentality of the United States)	
America,	)	Dist. Court No. CV-2012-33*C
)	
Plaintiff-Respondent,)	
)	
-vs-	)	CLERK'S CERTIFICATE TO RECORD
)	
LAKE CASCADE AIRPARK, LLC an)	
Idaho limited liability company;)	
DONALD MILLER and CANDACE W.)	
MILLER; husband and wife)	
Defendant-Appellant,)	
and)	
)	
DAVID A. BUICH and KAREN L.)	
BUICH, husband and wife,)	
Defendant.)	
)	

I, ARCHIE N. BANBURY, Clerk of the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Valley, do hereby certify that the foregoing Record in this cause was compiled and bound under my direction and contains true and correct copies of all pleadings, documents and papers designated to be included under Rule 28, IAR, the Notice of Appeal, any Notice of Cross-Appeal, and any additional documents requested to be included.

I do further certify that all documents, x-rays, charts and pictures offered or admitted as exhibits in the above entitled cause, if any, will be duly lodged with the Clerk of the Supreme Court along with the Court Reporter's Transcript and Clerk's Record as required by Rule 31 of the Idaho Appellate Rules.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
the seal of the said Court this 25 day of July, 2013.

ARCHIE N. BANBURY
Clerk of the District Court

By Shiji Lopez
Deputy

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE STATE OF
IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT)	
SERVICES, FLCA a federally chartered	)	SUPREME COURT NO. 40992-2013
Instrumentality of the United States)	
America,	)	Dist. Court No. CV-2012-33*C
)	
Plaintiff-Respondent,)	
)	
-vs-	)	CLERK'S CERTIFICATE OF SERVICE
)	
LAKE CASCADE AIRPARK, LLC an)	
Idaho limited liability company;)	
DONALD MILLER and CANDACE W.)	
MILLER; husband and wife,)	
Defendant-Appellant,)	
and)	
)	
DAVID A. BUICH and KAREN L.)	
BUICH, husband and wife,)	
Defendant.)	

I, Archie N. Banbury, Clerk of the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Valley, do hereby certify that I have personally served or mailed, by United Parcel Service, one copy of the CLERK'S RECORD to each of the Attorneys of Record in this cause as follows:

BRADLEY J. DIXON
101 S. CAPITOL BOULEVARD
SUITE 1900
BOISE, ID 83702

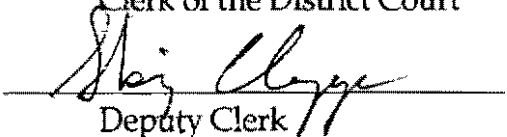
RON KERL
151 NORTH THIRD AVENUE
P.O. BOX 4229
POCATELLO, ID 83205-4229

ATTORNEY FOR APPELLANT

ATTORNEY FOR RESPONDENT

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the said Court this 25 day of July, 2013.

Archie N. Banbury
Clerk of the District Court


Deputy Clerk

CLERK'S CERTIFICATE OF SERVICE

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

NORTHWEST FARM CREDIT)	
SERVICES, FLCA a federally chartered	)	SUPREME COURT NO. 40992-2013
Instrumentality of the United States)	
America,	)	Dist. Court No. CV-2012-33*C
)	
Plaintiff-Respondent,	)	NOTICE OF LODGING
-vs-)	
)	
LAKE CASCADE AIRPARK, LLC an)	
Idaho limited liability company;)	
DONALD MILLER and CANDACE W.)	
MILLER; husband and wife,)	
Defendant-Appellant,)	
and)	
)	
DAVID A. BUICH and KAREN L.)	
BUICH, husband and wife,)	
Defendant.)	

TO: Bradley J. Dixon
101 S. Capitol Boulevard, Suite 1900
Boise, ID 83702

Ron Kerl
P.O. Box 4229
Pocatello, ID 83205-4229

YOU ARE HEREBY NOTIFIED:

That the Clerk's Record and Transcripts in the above entitled cause has been lodged with the District Court and copies sent to counsel; that objections to the Clerk's Record and Reporter's Transcript, including any requests for corrections, deletions, or additions, must be filed with the District Court together with a Notice of Hearing within twenty-eight (28) days from the date of this Notice.

DATED this 25 day of July, 2013.

ARCHIE N. BANBURY,
Clerk of the District Court

By: _____

Deputy Clerk

CERTIFICATE OF MAILING

I hereby certify that on this 25 day of July, 2013, I mailed (served) a true and correct copy of the within instrument to the following:

TO: Bradley J. Dixon
101 S. Capitol Boulevard, Suite 1900
Boise, ID 83702

Ron Kerl
P.O. Box 4229
Pocatello, ID 83205-4229

ARCHIE N. BANBURY,
Clerk of the District Court

By: Shi Claye
Deputy Clerk